COMMISSION'S ORDER

ON

TRUE-UP FOR FY 2021-22, MID-YEAR PERFORMANCE REVIEW FOR FY 2022-23 AND DETERMINATION OF GENERATION TARIFF FOR THE FY 2023-24

Case No. HERC/PETITION NO. 64 of 2022

25/01/2023

HARYANA ELECTRICITY REGULATORY COMMISSION

BAYS NO. 33-36, SECTOR-4, PANCHKULA-134112

https://herc.gov.in

Abbreviations

Abbreviation	Description
AAC	Additional Auxiliary Consumption (power consumed on account of RSD)
A&G	Administrative & General
APCPL	Aravali Power Corporation Private Limited
APC/AEC	Auxiliary Power/Energy Consumption
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal for Electricity
CAGR	Cumulative Average Growth Rate
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
CIP	Capital Investment Plan
CLP	China Light & Power (Jhajjar Power Limited)
Cr.	Crore (Rs. 10 Million)
DCRTPS	Deen Bandhu Chotu Ram Thermal Power Plant
DHBVN	Dakshin Haryana Bijli Vitran Nigam Limited
DSI	Dry Sorbent Injection
DSM	Deviation Settlement Mechanism
EA – 2003	The Electricity Act 2003
ECR	Energy Charge Rate
ERP	Enterprise Resource Planning
FGD	Flue Gas Desulphurization
FPA	Fuel Price Adjustment
FGPS	Faridabad Gas Power Station
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GoH	Government of Haryana
GoI	Government of India
HERC	Haryana Electricity Regulatory Commission
HPGCL	Haryana Power Generation Corporation Limited
HWRA	Haryana Water Resources Authority
Ind AS	Indian Accounting Standard
IoB	Indian Overseas Bank
IPP	Independent Power Producers
IWC	Interest on Working Capital
MoC	Ministry of Coal, Government of India
MoD	Merit Order Dispatch
MoEF&CC	Ministry of Environment, Forest and Climate Change
MoP	Ministry of Power, Government of India
MU	Million Units
MYT	Multi Year Tariff
NAPAF	Normative Annual Plant Availability Factor
NIT	Notice inviting Tender
O&M	Operation & Maintenance
PoC	Point of Connection
PFC	Power Finance Corporation

Abbreviation	Description
PLF	Plant Load Factor
PNB	Punjab National Bank
PPA	Power Purchase Agreement
PTPS	Panipat Thermal Power Station
REC	Rural Electrical Corporation
RGTPS	Rajiv Gandhi Thermal Power Plant
RSD	Reserve Shut Down
R&M	Repair & Maintenance
SBI	State Bank of India
SCR	Selective Catalytic Reduction
SFC	Secondary Fuel Consumption
SFO	Secondary Fuel Oil
SHR	Station Heat Rate
SLDC	State Load Dispatch Centre
SNCR	Selective Non Catalytic Reduction
SOFA	Separated Over Fire Air
SPM	Suspended Particulate Matter
STP	Sewage Treatment Plant
TO	Tariff Order
UHBVN	Uttar Haryana Bijli Vitran Nigam Limited
WYC	West Yamuna Canal

- ✓ *Current Year refers to Financial Year 2022-23*
- ✓ *Previous Year refers to Financial Year 2021-22*
- ✓ *All currency figures used in this Petition, unless specifically stated otherwise, are in Rs. Crore.*

BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS NO. 33-36, SECTOR-4, PANCHKULA-134 112

Case No. HERC/PETITION NO. - 64 of 2022

Date of Hearing : 11.01.2023
Date of Order : 25.01. 2023

QUORUM

Shri R.K. Pachnanda **Chairman**
Shri Naresh Sardana **Member**

INTHE MATTER OF

Petition filed by the Haryana Power Generation Corporation Ltd. (HPGCL) for approval of True-up for the FY 2021-22, Mid-Year Performance Review for the FY 2022-23 and Determination of Generation Tariff for the FY 2023-2024.

AND

IN THE MATTER OF

HPGCL, Panchkula ..... Petitioner
HPPC, Panchkula ..... Respondent

Present

1. Shri Mohammed Shayin, IAS, MD, HPGCL.
2. Shri Umesh K. Agarwal, Director, HPGCL
3. Shri Rohitas Bansal, CFO, HPGCL
4. Shri Ravi Juneja, AEE, HPGCL

ORDER

1 The Petitioner herein i.e. HPGCL, vide its Memo No. 232/HPGC/Reg-522 dated 28.11.2022, has filed the present petition for approval of true-up for the FY 2021-22, and determination of Generation Tariff for the FY 2023-24 under Section 61 and 62 of Electricity Act, 2003 read with the MYT Regulations, 2019.

2 In order to afford an opportunity to the general public / Stakeholders to file their objections / suggestions / comments, the petition filed by HPGCL was made available on the website(s) of the Commission as well as that of the petitioner.

3 The public notice was issued by HPGCL in compliance of section 64 (2) of the Electricity Act, 2003, in the following Newspapers for inviting objections.

Name	Language	Date of publication
The Tribune	English	02.12.2022
Dainik Jagran	Hindi	02.12.2022

The Public Notice communicating the last date of filing objection as well as the date of hearing was issued by the Commission in the Dainik Tribune and The Tribune dated 15 December, 2022 and was hosted on the Commission's website under the head 'schedule of hearing'.

4 True-up Petition for the FY 2022-23

HPGCL has submitted that the petition for truing-up for the FY 2021-22 is based on the Audited Accounts for the FY 2021-22 as required under regulation 13.1 of the MYT Regulations, 2019.

That the Commission, vide its order dated 18.02.2021, at page no 88 of the to has disallowed the cost of Unit-6, PTPS as under:

".....Consequently, the Commission has considered it appropriate not to consider the proposed determination of generation tariff (fixed and ECR) for PTPS Unit-6)."

That HPGCL has preferred statutory appeal against the ibid order dated 18.02.2021 of this Hon'ble Commission, vide Appeal No 150/2021 in APTEL. The Hon'ble APTEL vide its interim order dated 24.9.2021 has adjudicated that Unit-6 (PTPS) has been allowed to recover the interim tariff. The final adjudication of the matter in respect of tariff of Unit-6, PTPS is still pending in the Hon'ble APTEL. HPGCL has recovered the interim tariff on the basis of FY 20-21 which needs to be adjusted after the outcome of the appeal supra. Consequently, HPGCL has not proposed True-Up in respect of Unit-6, PTPS in the present petition. However, HPGCL is intimating the expenditure of Unit-6, PTPS only and reserves its right for seeking true-up after APTEL's judgement in the matter.

HPGCL has cited regulation 13.4 of the HERC MYT Regulations, 2019, as under:-

"13.4 Over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period."

It has been has submitted that the above cited regulation clearly provides for the

methodology for recovery of the fixed charges components of the tariff as per the availability of the plants and the True-up is also required between "Recovered" as per plant availability and Actual as per the audited accounts. Therefore in the present petition True-up has been proposed on "Recovered" vis-a-vis "Actual" i.e. audited accounts for the relevant year as under: -

4.1 True-up of Operation and Maintenance (O&M) expenses

The Petitioner has submitted the Commission had approved O&M Expenses of Rs. 698.66 Cr for the FY 2021-22, out of which O&M expenses amounting to Rs. 535.94 crore could only be recovered. The total actual O&M Expenses, as per audited accounts for FY 2021-22, (excluding solar business of Rs 0.68 Cr) has been Rs. 855.55 Cr., as tabulated below: -

Particular	**FY 2021-22 (Approved) 1**	**FY 2021-22 (Recovered) 2**	**FY 2021-22 (Actual, excluding PTPS-6) 3**	**Variance 4= (3-2)**	**True-Up claimed 5**
Employee Cost	534.94	410.12	610.48	200.36	200.36
Repair & Maintenance	144.05	111.34	219.72*	108.38	57.85**
Administrative & General	19.68	14.48	25.35	10.87	2.97***
Total	**698.66**	**535.94**	**855.55**	**319.61**	**261.18**

The petitioner has submitted that the significant gap between the approved amount, recovered amount and actual amount on account of O&M expenses is the increase in uncontrollable expenses towards employee cost including terminal liabilities & non-availability of RGTPS – Unit 2 since 19th September, 2020 and less availability DCRTPS-1. Further, higher R&M is on account of repair and maintenance cost of RGTPS-2 and DCRTPS-1.

** Rs 57.85Cr of expense (CHP- Rs50.45Cr & AAC Rs 7.40Cr) in respect of all plants which needs to be pass through.

*** Rs 2.97 Cr of Claim of A&G in line with Note 1 at page 97 of the Commission order dated 18.02.2021.

HERC approved Employees Cost for the FY 2021-22 was Rs. 534.94 Crore, whereas, the actual employee cost for FY 2021-22, as per audited accounts, is Rs. 610.48 Crore which is inclusive of net Defined Benefit liability (terminal liability) of Rs. 402.07 Crore towards employees as per the 'Actuary Valuation' Report submitted by the independent actuary -M/s A. Balasubramanian, Senior

Consultant and Actuary. Actuary valuation is based on given data and circumstances/scenario and other market conditions for investment. It further depends upon various factors like employees count/ average age of active employees/ number of pensioners/ average age of pensioners /monthly salary eligible for LTC (active employees & pensioners). Besides this information Actuary also considers Discount rate/salary escalation rate/ Attrition rate/ Withdrawal rate/ Mortality rate etc. Based on all the above information, an Actuary gives its report to safeguard the interest of the employees of HPGCL after retirement.

That the trend of Terminal Liability of HPGCL as per the independent Actuary from FY 2013-14 is as under: -

S. No.	Financial Year	Amount in Cr.	
1	2013-14	152.36	There is no trend.
2	2014-15	250.76 ↑	
3	2015-16	132.51 ↓	
4	2016-17	478.07 ↑	
5	2017-18	485.01 ↑	
6	2018-19	688.45 ↑	
7	2019-20	356.68 ↓	
8	2021-22	402.08 ↑	

HPGCL has submitted that it is bound by rules and regulations of the State Government pertaining to employee's benefits (pay structure, D.A., annual increment @ 3%). Any revision, in the pay structure of its employees is beyond the control of the HPGCL and falls under Regulation 8.3.8(b). All these factors lead to the increase in the employees cost of HPGCL. Terminal liability is an 'uncontrollable' expenditure under Regulation 8.3(b) of the MYT Regulation 2019 and the same is therefore admissible for true-up. Accordingly, it has been requested to allow the net true up of Rs. 200.36 Cr. towards Employee Cost on actual basis.

That O&M expenses, other than employee cost, i.e. R&M and A&G expenses approved by the Commission for the FY 2021-22 was Rs 144.05 Crore & Rs 19.68 Crore respectively. However, the amount recovered by HPGCL is Rs. 111.34 Cr and 14.48 Cr, respectively. The lower recovery happened due to non-availability of RGTPS Unit-2 from September 19th, 2020 onwards and less availability DCRTPS-1. The actual R&M and A&G expense for the year is Rs. 219.72 Cr (excluding solar business) and Rs 25.35 Cr, respectively. The increase

in R&M amount is primarily attributable to the cost of R&M being carried for RGTPS-2 and DCRTPS-1. The other aspects which remain unrecovered is expense of Coal Handling Plant and Additional Auxiliary Consumption. Other Operating Expense comprises of Rs 50.45 Cr relating to Coal Handling Plant (CHP) and Rs 7.41 Cr on account of Additional Auxiliary Consumption. Further, no claim has been made in respect of additional Auxiliary Consumption of RGTPS2 and DCRTPS 1 on account of unavailability.

HPGCL has further submitted that CHP expenses has been incurred for making the plant available, which becomes the part of O&M cost, the same needs to be allowed under True-up, as per the Regulation 31 & 32 read with Regulation 33. Landed cost of fuel is taken as at railways unloading point. Thus, in the past, it was inadvertently left to be booked under O&M expenses, thus the same stands unrecovered, being legitimate O&M expense. Hence, the expenditure amounting to Rs 50.45 Cr needs to be allowed and the petitioner should not be burdened by disallowing the same, as there is no other source of income to adjust the same.

Regulation 13.4 of the MYT Regulations 2019 provides as under:
"13.4 Over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in subsequent control period."

Further, the Hon'ble Commission in its order dated 18.02.2021 at page 97 at Note :1 has adjudicated as under:

"Note -1: As PLF of PTPS Unit-7&8 are approved at 53% & 53%, respectively as against the norms of 85%, R&M and A&G expenses for the PTPS 7&8 has been reduced to 50%"

HPGCL has submitted that in view of the above it has the right to claim any variance on account of increase in A&G/R&M expenses up to normative level as per Regulations. The actual A&G of PTPS 7&8 stands at Rs 7.51 Cr against the norms specified in the MYT Regulation which allows Rs 8.33 Cr. Thus, HPGCL expenses of PTPS Unit 7&8, in respect of A&G, is on the lower side and liable to be allowed. In view of the above, HPGCL has raised the claim of Rs 2.97 Cr.

The Petitioner has prayed that the Hon'ble Commission may allow the true up of the O&M cost amounting to Rs. 261.18 Cr. However, the unrecovered

amount of Rs 58.43 Crore shall be allowed to be recovered as per Regulation 13.4 of the MYT Regulations 2019 at the end of control period of the MYT Regulations, 2019 in vogue.

4.2 True-up of Depreciation

HPGCL has submitted that the actual depreciation of HPGCL for the FY 2021-22 as per the audited accounts, excluding solar business (Rs. 3.15 crore) and PTPS-6 (Rs. 1.85 Crore), is Rs 331.75 Cr. The Hon'ble Commission, in its orders dated 31.10.2018 & 07.03.2019, has directed HPGCL not to claim depreciation on spares and dismantling cost on account of Ind AS. Depreciation on capitalization of spares and decommissioning cost for FY 2021-22 in accordance Ind AS, is Rs. 5.68 Cr & Rs. 10.11 Cr. Thus, HPGCL in compliance with aforesaid directives, has excluded a sum up to Rs 15.79 Cr. (5.68+10.11) from its true up claim of Depreciation. Accordingly, the net allowable Depreciation for the FY 2021-22, exclusive of solar business, and depreciation on spares and decommissioning cost works out to Rs. 315.95 Cr (331.75-5.68-10.11). The approved depreciation for FY 2021-22 was Rs. 322.87 Cr.

The variation in the approved depreciation and net allowable depreciation for the FY 2021-22 is presented in the table below: -

Rs. Crore

S. No	Unit	Approved	Actual as per audited accounts*	Dep. on GAAP Spares	Dep. on account of Ind AS	Net allowable dep.	Recovered Dep.	Variance	True up claimed
A	B	C	D	E	F	G=(D-E-F)	H	I=(G-H)	J
1	PTPS-7-8	53.45	57.14	0.47	5.01	51.66	53.45	(1.79)	(1.79)
2	DCRTPS	56.33	57.73	1.22	1.42	55.09	50.54	4.55	-
3	RGTPS	206.27	211.15	3.99	3.68	203.48	103.64	99.84	-
4	Hydel	6.82	5.72	-	-	5.72	5.71	0.01	0.01
	Total	**322.87**	**331.75**	**5.68**	**10.11**	**315.95**	**213.34**	**102.61**	**(1.78)**

* Excluding Solar Business of Rs. 3.15 Cr.

HPGCL has submitted that it could not recover Rs 102.61 Crore against the actual depreciation of the HPGCL Units due to non-availability/less availability of RGTPS-2 & DCRTPS-1.

In view of the above, HPGCL has prayed that the Hon'ble Commission may approve difference of minus Rs 1.78 Cr. as true-up of depreciation for FY

2021-22 and the unrecovered amount of depreciation i.e. Rs 104.39 Crore may be allowed to be recovered as per Regulation 13.4 of MYT regulations 2019 at the end of control period of the present MYT Regulations, 2019.

True-up of Interest Expenses

The Petitioner has submitted that as against the interest and finance charges on loan of Rs. 104.77 Crore (excluding PTPS-6) approved by the Commission for the FY 2021-22, the actual amount incurred, as per the audited accounts, is Rs. 29.38 Crore (net of interest of Rs. 1.71 Crore on account of Solar Business).

HPGCL has submitted that it had swapped the higher interest-bearing PFC loan of Rs 965.48 Cr. pertaining to RGTPS and PFC loan of Rs. 874.58 Cr. pertaining to DCRTPS, through SBI, during Feb., 2016 and April, 2017, respectively.

Interest and Finance charges for FY 2021-22 as per pre-restructuring Loan portfolio excluding solar business is given below: -

Pre-Restructuring Loan Portfolio & Repayments schedule for FY 2021-22 (Rs. Cr.)

Particulars	Rate of Interest	Opening Bal	Drawls during the year	Repayments during the year	Closing Balance	Interest during the year
GPF Bonds	7.10%	33.91	0.00	6.78	27.13	1.93
SBI DCRTPS YNR – PFC takeover	12.50%	392.02	0.00	120.64	271.38	41.46
REC	12.25%	426.04	0.00	75.60	350.44	47.56
State Bank of India (RGTPS) – PFC Takeover	11.45%	438.30	0.00	101.64	336.66	44.37
APDP Loan	12.50%	2.96	0.00	0.15	2.81	0.36
Punjab National Bank (Andhra Takeover)	8.65%	1.05	0.00	1.05	0	0.05
Punjab National Bank (Andhra Takeover Hisar)	8.65%	19.40	0.00	19.40	0	0.84
Punjab National Bank REC Takeover	12.25%	102.25	0.00	20.52	81.73	11.27
NABARD	5.25%	34.49	0.00	11.50	22.99	1.71*
Total		**1450.42**	**0.00**	**357.28**	**1093.14**	**149.55**

*** Total Interest during the year, excluding solar business, is Rs. 149.55-1.71= 147.84 Cr**

Actual Loan Portfolio and Int. & Fin. Charges for FY 2021-22 (Rs. Cr.)

Particulars	Rate of Interest (%)	Opening Bal	Additions during the year	Repayments during the year	Closing Balance	Interest during the year
GPF Bonds	7.10	33.91	0.00	6.78	27.13	1.93
SBI (DCRTPS)						
REC	7.75	377.93	0.00	75.58	302.35	27.08
SBI (RGTPS)	-					
APDP Loan	12.50	2.96	0.00	0.15	2.81	0.37
PNB (Andhra Takeover)						
PNB (Andhra Takeover, Hisar)	8.50	0.00	0.00	0.00	0.00	0.00
PNB Loan						
NABARD	5.25%	34.49	0.00	11.50	22.99	1.71*
Total		**449.29**	**0.00**	**94.01**	**355.28**	**31.09**

*Solar business

HPGCL has submitted that as per regulation 21.1 (v) of the HERC MYT Regulation, 2019, the cost associated with refinancing has to be borne by the beneficiaries and net savings, after deducting the cost of refinancing, shall be subject to incentive and penalty framework as per Regulation 12. Accordingly, HPGCL has proposed to claim 50% of the savings (Rs. 118.66 Cr), as under:

Particular	Approved interest & Finance Charges	Actual interest & Finance Charges	Pre-restructuring interest & Finance Charges	Allowable interest & Finance charges	Recovered by HPGCL	True-up
1	2	3	4	5=3+50 % (4-3)	6	7=5-6
Int.& Fin. Charges (A)	104.77	29.38	147.84	88.61	62.47	26.14
Int. On Normative Debt(B)	0	0	0	0.23		0.23
Total True up of Int.& Fin. Charges(A+B)	**104.77**	**29.38**	**147.84**	**88.84**	**62.47**	**26.37**

HPGCL therefore, has prayed for being allowed Rs 26.37 Cr. as a pass through of Interest & Finance charges.

4.3 True-up of Return on Equity (RoE)

The petitioner has submitted that the Hon'ble Commission, vide its order dated 18.02.2021, has adjudicated the issue of Return on Equity as under: -

"The Commission observes that HPGCL has been claiming RoE @ 14% on its eligible equity. The Commission, in the present order, has restricted the same to 10% amounting to Rs 210.938 Crore. It needs to be noted that Return on Equity is

provided to the owners of the shared capital, in this case, the State Government. The said return ought to have gone to the State Government in the form of dividend. It is observed that HPGCL is neither paying dividend to the State Government nor utilizing the same for funding of its new capex. Hence, the Commission orders that RoE allowed by the Commission shall be adjusted against RE subsidy payable by the State Government. This issue also address the issue of unpaid subsidy to a certain extent and the cost of additional working capital borrowings of the Discoms."

HPGCL has preferred an appeal i.e. Appeal No 150/2021 in the Hon'ble APTEL on the aforesaid order, for adjusting of RoE against subsidy being paid by Government to DISCOMs. The same is pending for adjudication and is required to be considered for true-up after the adjudication of the matter by the Hon'ble APTEL.

In view of the above, details of opening equity, equity addition and required return of equity considered, unit-wise, for the FY 2021-22, is summarized as under:

Rs. Crore

Plants	**Opening**	**Additions**	**Closing**	**RoE**
PTPS – 7	218.04	-	218.04	21.80
PTPS – 8	218.02	-	218.02	21.80
DCRTPP-1	251.165	0.256	251.421	25.13
DCRTPP-2	251.115	0.256	251.371	25.12
RGTPP-1	494.683	0.206	494.889	49.48
RGTPP-2	492.973	0.041	493.014	49.30
Hydel	18.355	-	18.355	1.84
Total	**1944.35**	**0.759**	**1945.109**	**194.47**

Approved RoE(A)	Actual (B)	Recovered (C)	Variance in RoE cost (B-C)	True-up (E)
195.26	194.47	140.21	54.26	-

4.4 True-up of cost of Secondary Fuel Oil (SFO)

HPGCL has submitted that in the FY 2021-22, it had spent Rs. 12.10 Crore on SFO. However, an amount of Rs. 14.18 Crore was actually recovered through ECR.

In view of the above, HPGCL has prayed that this Hon'ble Commission may approve true-up of (minus) Rs. 2.08 cr. (14.18 cr.-12.10 cr.) on account over recovery of oil cost in the FY 2021-22, in line with regulation 29 of the

HERC MYT Regulations, 2019.

4.5 True up of interest on working capital (IWC)

HPGCL has submitted that the Hon'ble Commission, in its Order dated 18.02.2021, regarding generation tariff for the FY 2021-22 had allowed interest on working capital amounting to Rs. 92.51 crore, considering average prices coal and oil, as proposed by it. However, there has been variation in prices of coal and oil during the FY 2021-22. Therefore, while computing the truing-up of working capital for the FY 2021-22, the actual rate of coal prevailing in FY 2021-22 has been considered.

Due to variation in Fuel prices, the interest on normative working capital requirement for the FY 2021-22, as per the approved norms of HERC, has increased to Rs 94.52 Cr against the approved interest on working capital of Rs 92.51 Cr.

It has been submitted that this Hon'ble Commission has approved the Interest on Working Capital @ 8.25% (7%+1.25%). Thus, due to the change in fuel cost and considering the same rate of interest, the allowable IWC as per Regulation 22.2 of MYT 2019 has increased, as presented in the table below:-

S. No.	Particular	Approved IWC (Rs. Cr) @ 8.25%	Normative(Revised) IWC (Rs. Cr) @ 8.25%
1	Coal Stock	435.68	447.81
2	Oil Stock	2.36	2.35
3	O&M Expenses	58.22	58.22
4	Maint. Spares	69.18	69.18
5	Receivables	555.88	568.17
6	Total W/C Requirement	1121.32	1145.73
	Int. on W/C	**92.51**	**94.52**

The table below summarizes True-up of interest on working capital for FY 2021-22.

Particular	Approved IWC (Rs. Cr.) @ 8.25% (A)	Normative IWC (Rs. Cr.) @ 8.25% (B)	Actual IWC (C)	Recovered IWC (D)	True-up Rs. Cr. E=C-D
Interest on working capital	92.51	94.52	98.59	64.00	-

HPGCL has submitted that shortfall in recovery of IWC is on account of non-availability of RGTPS unit-2 & DCRTPS unit-1, thus no true-up has

been proposed for the under recovery of Interest on works of capital.

4.6 Non-Tariff Income

Detail of Other Non-operating income included in the 'other income' as per the Audited Balance Sheet for the FY 2021-22 is as under:

Non-Tariff Income for FY 2021-22 (Rs. Cr.)

Particulars	Amount (Rs. in crore)
Income from sale of scrap	3.75
50% of other income	1.25
Total	**5.00**

4.7 Total True-up for the FY 2021-22

A summary of the True-up claims as proposed by the HPGCL is presented in the table below: -

(Rs. Crore)

O&M Expenses	Depreciation	Oil Expense	IWC	Interest & Fin. Charges	RoE	Non-Tariff Income	Total True-up (Cr.)
261.18	**-1.78**	**-2.08**	**-**	**26.37**	**-**	**-5.00**	**278.69**

In addition to the above claim, the petitioner has prayed that the Hon'ble Commission may allow carrying cost on the trued-up amount as per the MYT Regulations along with late payment surcharge, in the case of any delay in realization of payments beyond the stipulated time from the DISCOMs in accordance with regulation 43 of the HERC MYT Regulation 2019.

5 Capital Investment Plan (CIP)

5.1 The Commission, vide its Order dated 22.02.2022 (PRO 44 of 2021), had approved the CIP as under: -

Sr No	**Capital Expenditure Work**	**(Rs. Cr.)**			
	Year	**2021-22**	**2022-23**	**2023-24**	**2024-25**
1	Capital Overhauling at WYC	3.50			
2	ERP System and allied works		31.26		
3	Data Centre, Data Recovery centre etc. for ERP Solution		13.67		
4	Balance Payment to R-Infra against EPC contract for RGTPS, Hisar			4.43	5.0
5	Construction of 2 no. Barracks for CISF for RGTPS Hisar	0.72			
6	Installation of CCTV surveillance System in RGTPS Hisar	2.44			
7	Construction of DAV school in power plant colony for RGTPS Hisar				6.87
8	Improvement work of Cooling Towers of RGTPP Unit I & II	6			
9	Replacement of 2 Nos. Stator of BCP of RGTPP Unit I & II		3.16		
10	Up gradation of C&I system for RGTPP Hisar	3	8.0		
11	Procurement of ID fan blades, RGTPP	1.65			

Sr No	Capital Expenditure Work	(Rs. Cr.)			
12	Replacement of 03 Nos. Fire Tenders at RGTPP		1.20		
13	Up gradation of hardware and software of PLC at RGTPP, Khedar, Hisar	4	3		
14	Replacement of 2 Nos. (one for each unit) Battery Banks for main plant 2x150 kVA UPS System for Unit 1 &2, RGTPP, Khedar, Hisar	0.41			
15	Procurement of Complete Battery Banks Lead Acid Plante 220V, 2140AH in each Unit (Unit 1&2), RGTPP, Khedar, Hisar		3.80		
16	Work for Supply, Erection, Testing and Commissioning of 02 Nos. ABB make unitrol-6080 Digital Automatic Voltage Regulator (DAVR) for Generator Excitation System and replacement with existing ABB make Unitrol-F DAVR at RGTPP, Khedar, Hisar			1.01	
17	Construction of First Aid Centre and additional RCC Roof slab of DG Set house at RGTPP, Khedar, Hisar	0.55			
18	Purchase of Ion Chromatography system fully automatic PC based, RGTPP Hisar	0.65			
19	Revival of Fire Fighting System of Unit6, PTPS, Panipat			0.60	
20	Replacement of damaged floor and Construction of Roads in PTPS Colony, Panipat as per new norms of Government of Haryana			1.55	
21	Up-gradation of PTPS Unit-6 HMI System of pro-control supplied by M/s BHEL			1.50	
22	Energy Management System PTPS Unit- 7-8		0.70		
23	Modernization of Boiler Lift for PTPS Unit 8		0.7		
24	Replacement of 02 Nos. Fire Tenders at PTPS Panipat	0.433		0.44	
25	Renovation of centralized AC System of Unit-7&8, PTPS Panipat		1.80		
26	Providing rejected Coal (Pucca Floor under 132 KV & 220 KV Lines inside the plant boundary) PTPS,Panipat	0.38			
27	Construction of all-weather patrolling track along the peripheral boundary wall at PTPS, Panipat	0.38			
28	Replacement of 8" water lines around the circular road in PTPS, Colony	0.50			
29	Township for DCRTPP, Yamunanagar		0.35	2.01	
30	Up-gradation of existing PLC & SCADA at DCRTPP		2.5488		
31	Refurbishment of BFP Cartridge: DCRTPP, YamunaNagar	1.55			
32	Purchase of 01 no. Runner Hub without blades and new set of guide vanes-WYC		7		
	TOTAL	26.16	77.19	11.54	11.87
	GRAND TOTAL (Rs. Crore)	126.76			

5.2 The petitioner has submitted that there are certain variations in the actual CAPEX incurred vis-à-vis approved expenditure mainly due to revision in the overhauling schedule/ financial prudence and some of the schemes have been completed/surrendered/dropped in the FY 2021-22, as tabulated below:-

Sr No	Completed/Dropped Schemes	Amount (Rs. Cr.)	Remarks
1	Capital Overhauling at WYC	3.5	Completed
9	Replacement of 2 Nos. Stator of BCP of RGTPP Unit I & II	3.16	Dropped

11	Procurement of ID fan blades, RGTPP	0.83	Partially Completed
14	Replacement of 2 Nos. (one for each unit) Battery Banks for main plant 2x150 kVA UPS System for Unit 1 &2, RGTPP, Khedar, Hisar	0.41	Completed
26	Providing rejected Coal (Pucca Floor under 132 KV & 220 KV Lines inside the plant boundary) PTPS,Panipat	0.38	Dropped
27	Construction of all-weather patrolling track along the peripheral boundary wall at PTPS, Panipat	0.38	Dropped
30	Up-gradation of existing PLC & SCADA at DCRTPP	2.5488	Completed

5.3 That in view of the above, the revised schedule of capitalization of the remining capital works is presented below for kind consideration and approval of the Hon'ble Commission.

Sr No	**Capital Expenditure Work**	(Rs. Crore)		
	Year	**2022-23**	**2023-24**	**2024-25**
1	ERP System and allied works		18.45	12.81
2	Data Centre, Data Recovery centre etc. for ERP Solution		3.94	6.90
3	Balance Payment to R-Infra against EPC contract for RGTPP, Hisar		4.43	5
4	Construction of 2 no. Barracks for CISF for RGTPP Hisar	0.71		
5	Installation of CCTV surveillance System in RGTPP Hisar	1.65		
6	Construction of DAV school in power plant colony for RGTPS Hisar			6.87
7	Improvement work of Cooling Towers of RGTPP Unit I & II			6
8	Up gradation of C&I system for RGTPP Hisar	3	8.00	
9	Procurement of ID fan blades, RGTPP	0.82		
10	Replacement of 03 Nos. Fire Tenders at RGTPP	1.2		
11	Up gradation of hardware and software of PLC at RGTPP, Khedar	4	3.00	
12	Procurement of Complete Battery Banks Lead Acid Plante 220V, 2140AH in each Unit (Unit 1&2), RGTPP, Khedar, Hisar	3.35		
13	Work for Supply, Erection, Testing and Commissioning of 02 Nos. ABB make unitrol-6080 Digital Automatic Voltage Regulator (DAVR) for Generator Excitation System and replacement with existing ABB make Unitrol-F DAVR at RGTPP, Khedar, Hisar		2.00	
14	Construction of First Aid Centre and additional RCC Roof slab of DG Set house at RGTPP, Khedar, Hisar	0.55		
15	Purchase of Ion Chromatography system fully automatic PC based, RGTPP Hisar	0.65		
16	Revival of Fire Fighting System of Unit6, PTPS, Panipat		0.600	
17	Replacement of damaged floor and Construction of Roads in PTPS Colony, Panipat as per new norms of Government of Haryana		0.952	
18	Up-gradation of PTPS Unit-6 HMI System of pro-control supplied by M/s BHEL		4.600	
19	Energy Management System PTPS Unit- 7-8		1.22	
20	Modernization of Boiler Lift for PTPS Unit 8	0.80		
21	Replacement of 02 Nos. Fire Tenders at PTPS Panipat		0.44	
22	Renovation of centralized AC System of Unit-7&8, PTPS Panipat		1.80	
23	Replacement of 8" water lines around the circular road in PTPS, Colony	0.49		
24	Township for DCRTPP, Yamunanagar		2.36	

25	Refurbishment of BFP Cartridge: DCRTPP, Yamuna Nagar	1.55		
26	Purchase of 01 no. Runner Hub without blades and new set of guides vanes-WYC		7	
	TOTAL	18.77	58.792	37.58
	GRAND TOTAL	115.142		

5.4 HPGCL has proposed additional capital works amounting to Rs. 7.56 crore during the FY 2023-24 i.e. balance control period of the HERC MYT Regulations, 2019:-

Sr No	**Capital Expenditure Work**	Rs. Crore
	Year	**2023-24**
1	Supply, ETC and 5 years comprehensive ARC of IP based CCTV network camera system at perimeter of PTPS **	5.65
2	Replacement of 03 Nos fire tenders at DCRTPS, as the useful life is going to be exhausted	1.91

5.5 Installation of EV Charging Stations at HPGCL Plants & Head offices:-

The HERC MYT Regulations, 2019 provides as under:-

"9.15 To enable faster adoption of Electric vehicles in the State, the Utilities i.e., HPGCL, HVPNL, DHBVN and UHBVNL shall endeavour to set up Public Charging Station (PCS) for charging Electric Vehicles near to their Sub-Stations or any other appropriate place."

In view of the above, HPGCL has proposed to have the EV charging Station (06 Nos) at all respective locations (i.e., Plants and Head Quarter), at a tentative cost of Rs 80 lakh for each site having six charging stations, totalling to Rs 3.2 Crore (approximately). HPGCL has sought in principle approval for proceeding for having EV charging stations at HPGCL Plants including head quarter. However, the actual expenditure may be allowed after completion of the scheme.

5.6 Status of FGD (for SoX) at PTPS, RGTPS and DCRTPS:-

HPGCL has submitted as under:-

i) That NIT's were floated for installation of Wet Limestone based FGD at RGTPS, Hisar and DCRTPS, Yamunanagar. HPPC in its meeting held on 10.02.2020, under the Chairmanship of the Hon'ble Chief Minister, Haryana deferred both the cases. Subsequently, Govt. of Haryana decided retendering and participation of only those companies which are registered in India.

Accordingly, NIT for installation of Wet Limestone based FGD at RGTPS, Hisar & DCRTPS, Yamunanagar and for installation of Dry Sorbent Injection (DSI) system in Unit-6 and Unit-7&8, PTPS, Panipat were issued on 29.09.2020.

However, HPPC in the meeting held on 12.06.2021, decided that the new GoI notification dated 31.03.2021 issued by GoI requires thorough examination. Accordingly, both the agendas were deferred.

ii) That CPCB, MoEF & CC vide letter dated 27.08.2021 intimated that PTPS Thermal Power Plant has been categorized in Category 'A' and RGTPS, Hisar & DCRTPS, Yamunanagar Thermal Power Plants has been categorized in Category "C".

iii) That the case was again put up for administrative approval of GoH for retendering. On 14.04.2022, Hon'ble CM Haryana has directed that "CM would like the matter to be submitted after 9 months." Accordingly, the case would be submitted to GoH for further directions in December-2022.

iv) That MOEF&CC, GoI vide its notification dated 05.09.2022 has revised timelines for compliance of new environmental norms for SOx and NOx emission as under :-

S N	**Category**	**Location**	**Timelines for compliance (Non-retiring units)**	
			Parameters other than SO2 emission	SO2 emission
(1)	(2)	(3)	(4)	(5)
1	Category A (PTPS, Panipat)	Within 10 km radius of NCR or cities having million plus population	Upto 31st December, 2022	Upto 31st December, 2024
2	Category B	With 10 km radius of Critically Polluted Areas or Non-attainment cities	Upto 31st December, 2023	Upto 31st December, 2025
3	Category C (RGTPP Hisar and DCRTPP Yamunanagar	Other than those included in Category A and B.	Upto 31st December, 2024	Upto 31st December, 2026

5.7 Status for installation of low NOx Burners at HPGCL Plants:-

HPGCL has submitted as under:-

i) MoEF & CC, vide notification dated 05.09.2022, has revised the timeline for compliance of new environment norms in respect of NOx for Category "A" (PTPS Units) upto 31.12.2022 and for Category "C" (RGTPS & DCRTPS Units) upto 31.12.2024.

ii) However, E-NIT for installation of low NOx burners at DCRTPP, Yamunanagar and RGTPS, Hisar and PTPS (Unit-7&8) was issued on 26.08.2021.

iii) Part-II (Price Bid) of the tender was opened on 20.10.2022. M/s ISGEC Heavy Engineering Ltd., Noida emerged as L-1 bidder. WTD's HPGCL has further recommended the case to State Level HPPC for consideration and award of work. The case would be submitted to High Power Purchase Committee shortly.

6 Miscellaneous issues raised by HPGCL

6.1 Revision of Water Charges by HWRA & its Financial **impact on HPGCL.**

HPGCL has submitted that the Haryana Water Resources (Conservation, Regulations and Management) Authority, Panchkula (herein referred as "HWRA") in exercise of power conferred under Sub-Section (1) of Section 18 of the Haryana water Resources (Conservation, Regulations & Management) Authority Act, 2020, as amended from time to time, in its 17th meeting held on 15.07.2022, has approved revised tariff for bulk water usage of surface water. In this regard, the reference has been invited to Section 3.20 of MYT Regulation, 2019, which provides as under:

"3.20 "Change in Law" shall mean occurrence of the following events: -
(a) enactment, bringing into effect or promulgation of any new Indian law; or
(b) adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or
(c) change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or application; or
(d) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or licence available or obtained for the project; or
(e) coming into force or change in any bilateral or multilateral agreement or treaty between the Government of India and any other Sovereign Government having implication for the generating station or the transmission system regulated under these regulations.
"Provided that financial implication of change in law in relation to a PPA or TSA shall be as may provide in the PPA or TSA"."

As per the above Regulation 3.20 of MYT Regulation 2019 as amended thereof, change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or license available or obtained for the project

falls under the definition of "Change in Law" and HPGCL is required to be placed in the same financial position, as the Change in law event has occurred.

Further, as per the notification, the change in water charges submitted by the petitioner are as under:

From FY 2012 to FY 2018

	Tariff as per Govt notification 30.07.2012		**Tariff as per Govt notification 30.11.2018**	
S.N	Description	Tariff	Description	Tariff
1	Water supply in Bulk; Industries Power plants and other bulk users	**Rs 300 per 2500 Cft(Rs 4.25/KL)**	Water supply in Bulk:- (a) Beverage and Bottled water industry	Rs 2000 per 100 Cum (Rs 20/KL)
			(b) Other industries, Power Plants and Bulk users	**Rs 1000 per 100cum (Rs 10/KL)**
			(c) Railways & Army	Rs 750 per 100Cum (rs 7.5/KL)

From FY 2022 onwards

	Tariff as per Govt notification 30.11.2018		**Tariff determined and decided by HWRA in 2022**	**Percentage increase in tariff since 2018**
S.No	Description	Tariff		
1	Water supply in Bulk:- (a) Beverage and Bottled water industry	Rs 2000 per 100 Cum (Rs 20/KL)	Rs 4000 per 100 cum	100%
	(b) Other industries, Power Plants and Bulk users	**Rs 1000 per 100cum (Rs 10/KL)**	**2000 per 100cum**	**100%**
	(c) Railways & Army	Rs 750 per 100Cum (Rs 7.5/KL)	1500 per 100Cum	100%

It has been submitted that, as per the order of the HWRA, 100% change in water tariff is applicable for plants of the State and HPGCL being a state entity is also liable to pay the increase in tariff after coming in force of the said notification. Further, the MYT Regulations, 2019 as amended from time to time, are based on the data of FY 2017-18 for allowing the future tariff heads. Thus, there is approximately 100% variation in the water charges w.e.f. from 01.08.2022.

HPGCL has further submitted that the CERC in its order dated 19.02.2016 (153/MP/2015), has also observed that increase in water charges falls under

"Change in Law" event for Section 63 projects selected under competitive bids. HPGCL is covered under Section 62 of the Electricity Act, 2003, is also required to be allowed the actual cost paid in the matter to place HPGCL in the same economic position as the Change in Law event has not incurred.

In view of the above, HPGCL has requested to declare the increase in water charges as per notification dated 15.07.2022 of HWRA under a "Change in law" event and any increase in R&M charges on account of the said notification need to be allowed for the balance duration of the MYT Regulation 2019, on monthly basis through supplementary bills as part of fixed cost as per actuals.

6.2 Claim of fixed charges as per Regulation of MYT 2019 in respect of PTPS Units.

HPGCL has submitted that the Commission, vide its order dated 22.02.2022 in HERC/Petition No 44 of 2021 while adjudicating the ARR tariff for FY 2022-23 for PTPS, has considered as under:

"Page 58 of the order:
As PLF of PTPS Unit-6,7& 8 are approved at 55% each, R&M and A&G expenses for the PTPS Units 6,7 &8 has been reduced to 50%. Reduced generation of these units vis- a- vis norms will entail reduced expenditure on R&M and A&G. Thus, the Commission is of the considered view that the consumers out not to be burden with additional O&M expenses of the power plants that are intermittently scheduled."

The present year carries the challenges for the State owned generator in as a few IPPs are not fulfilling their contractual obligations in term of PPAs, thereby creating a demand and supply mismatch, which results in scheduling of HPGCL Units at the maximum level even beyond normative benchmarks specified by the Commission, vide its orders. The plant availability of PTPS Units (%age) for the first half of the FY 2022-23, was as under:-

PTPS PANIPAT			
PERIOD	Unit-VI	Unit-VII	Unit-VIII
Apr-22	99.67	99.19	96.32
May-22	54.74	100.00	100.00
Jun-22	91.52	95.05	100.00
Jul-22	99.48	99.46	100.00
Aug-22	87.34	100.00	99.03
Sep-22	99.75	99.13	94.43
FY 2022-23 (Up to Sep 22)	88.61	98.82	98.32
HERC Norms (as per order)	55%		

Accordingly, the Plant Load Factor for the corresponding to the availability (%age), for the first half of the FY 2022-23, was as under:-

PTPS PANIPAT			
	Unit-VI	Unit-VII	Unit-VIII
Apr-22	86.48	94.20	90.68
May-22	47.04	93.00	93.53
Jun-22	77.67	88.80	94.25
Jul-22	83.18	88.17	88.27
Aug-22	70.96	91.86	88.98
Sep-22	77.39	88.27	82.43
FY 2022-23 Up to Sep 22	73.67	90.72	89.70
HERC Normative Norms	55%		

Thus, PTPS units continues to be operational with higher loading than the norms specified by the Commission. The beneficiaries have also communicated, vide letter dated 25.08.2022, that in view of the prevailing circumstances, the Units of HPGCL are likely to be scheduled at the maximum on account of failure of contractual of various IPPs to fulfill their contractual obligation. Thus, after the affirmation by beneficiaries, HPGCL is bound to upkeep the plant as per the instant MYT regulations, which leads to increase in R&M activity of the plant/ Units.

HPGCL has submitted that in view of the above circumstances, the unit utilization is expected to be on the higher side. Accordingly, the Commission may consider to allow expenditure in terms of IWC, R&M, A&G as per norms of MYT Regulations, 2019 as amended thereof for the FY 2023-24 and any additional expenditure for FY 2022-23 may be allowed as per actual while carrying True-up for FY 2022-23 and normative tariff as per the norms of MYT Regulations for FY 2023-24.

6.3 Benefits of running of PTPS Unit-6.

HPGCL has submitted that the Commission, in its order dated 18.02.2021, had issued the directive for "De-Commissioning / Closure of PTPS Unit-6" as under:-

"From the data placed on record, the Commission observes that this Unit of 210 MW is capable of generating about 1564 MUs at a PLF of 85%. However, the average generation from the FY 2017-18 to the FY 2020-21 (up to September, 2020) was only about 232.56 MUs at an average PLF of 12.64%. In fact, in the FY 2019-20 the Units was not at all scheduled, hence, the actual generation was nil. The plant and machinery of PTPS Unit – 6 is of the same vintage as that of PTPS

Unit – 5, despite the fact that Unit – 5 was commissioned in March, 1989 and Unit – 6, due to various reasons, was commissioned only in March, 2001. Further, Unit -6 is almost fully depreciated and loans almost paid off. Resultantly, the major fixed cost as computed by the Commission are Employees cost, RoE and Repair & Maintenance which imposes avoidable burden on the electricity consumers of Haryana despite the fact the plant remains un-scheduled. Thus, at this stage PTPS Unit – 6 is similarly placed as that of PTPS Unit – 5, which has been de-commissioned / closed. Additionally, going forward, given the larger integration of RE Power as well as Hydro Power and the fact that strict environmental norms would further add to the cost of generation, PTPS – Unit 6 is not expected to be called in for generation. Hence, in line with the views expressed in the SAC Meeting, it would be appropriate to de-commission / close PTPS Unit – 6 as well at the earliest. HPGCL is accordingly directed to take up the issue with the State Government within one month from the date of this Order under intimation to the Commission."

HPGCL has secured the stay against the impugned order dated 18.02.2021 vide APTEL order dated 24.09.2021, wherein Hon'ble Tribunal allows to recover the interim tariff subject to outcome of the appeal. Accordingly, interim tariff on account of the same has been recovered for the duration of 2021-22 on the basis of FY 2020-21 tariff.

Further, the DISCOMs has denied payment of RoE for PTPS Unit-6, on the basis of the Commission order for FY the 2020-21, wherein RoE has been denied. The same is also sub-judice in the Hon'ble APTEL. The same shall be trued-up after the matter is adjudicated by the Hon'ble Tribunal in the matter.

7 HPGCL's Proposed Technical Parameters

7.1 NAPAF (Normative Annual Plant Load Factor)

The petitioner has submitted that in lieu of intermittent scheduling of PTPS Units, the Commission, in its order dated 22.02.2022, had reduced the R&M / A&G for PTPS Units. However, HPGCL plants are presently being scheduled at beyond normative as envisaged in the MYT Regulations, 2019. Thus, HPGCL reserve its right to claim the full true-up as per the instant regulations while claiming the true up for FY 2022-23. Therefore, HPGCL proposes the same NAPAF for all thermal Units for FY 2022-23 in line with Tariff Order dated 22.02.2022 and for the FY 2023-24 in line with HERC MYT Regulation, 2019 as under: -

SN	Unit #	Approved	Proposed	
		FY 22-23	**FY-22-23**	**FY 23-24**
1	PTPS 6	55.00%	55.00%	85.00%
2	PTPS 7	55.00%	55.00%	85.00%
3	PTPS 8	55.00%	55.00%	85.00%
4	DCRTPP 1	85.00%	85.00%	85.00%
5	DCRTPP 2	85.00%	85.00%	85.00%
6	RGTPP 1	85.00%	85.00%	85.00%
7	RGTPP 2	85.00%	85.00%	85.00%
8	WYC Hydel	43.00%	43.00%	43.00%

7.2 Auxiliary Energy Consumption

HPGCL has proposed auxiliary energy consumption for the FY 2023-24 in line with the MYT Regulations 2019 and for the FY 2022-23 in line with the approval already granted vide order dated 22.02.2022.

HPGCL has submitted that the auxiliary energy consumption approved by the Hon'ble Commission for the FY 2022-23 and proposed by HPGCL for the FY 2022-23 and FY 2023-24, are as under: -

S. N	Unit #	Approved	Proposed	
		FY22- 23	FY22- 23	FY 23-24
1	PTPS 6	9.00%	9.00%	9.00%
2	PTPS 7	8.50%	8.50%	8.50%
3	PTPS 8	8.50%	8.50%	8.50%
4	DCRTPS 1	8.50%	8.50%	8.50%
5	DCRTPS 2	8.50%	8.50%	8.50%
6	RGTPS 1	6.00%	6.00%	6.00%
7	RGTPS 2	6.00%	6.00%	6.00%
8	WYC HEP	1.00%	1.00%	1.00%

7.3 Secondary Fuel Oil Consumption (SFC)

Secondary fuel consumption proposed by HPGCL is in line with the HERC MYT Regulations as below: -

S.N	Unit #	Approved	Proposed	
		FY22- 23	FY22- 23	FY 23-24
1	PTPS 6	1.00	1.00	1.00
2	PTPS 7	0.50	0.50	0.50
3	PTPS 8	0.50	0.50	0.50
4	DCRTPS 1	0.50	0.50	0.50
5	DCRTPS 2	0.50	0.50	0.50
6	RGTPS 1	0.50	0.50	0.50
7	RGTPS 2	0.50	0.50	0.50

It has been further submitted that as per the MYT Regulation 2019, the cost of SFC is a part of Energy Charge Rate (ECR) and has been calculated on normative basis. However, on account of low loading/scheduling of the HPGCL units and frequent start and stop operations, the norms provided as per regulation for specific oil consumption is on lower side at current PLF/ loading of Units.

HPGCL has submitted that it reserves its right to claim the deficit in respect of the Oil consumption at the time of true-up as per Regulation 29 of MYT Regulation, 2019.

7.4 Station Heat Rate (SHR)

The SHR for the FY 2023-24 is proposed by HPGCL as per norms specified in the HERC MYT Regulation, 2019 is as under: -

S.N	SHR (kcal/kWh)	Approved	Proposed	
		FY 21-22	FY 21-22	FY 22-23
1	PTPS 6	2550	2550	2550
2	PTPS 7	2500	2500	2500
3	PTPS 8	2500	2500	2500
4	DCRTPS 1	2344	2344	2344
5	DCRTPS 2	2344	2344	2344
6	RGTPS 1	2387	2387	2387
7	RGTPS 2	2387	2387	2387

7.5 Gross Calorific Value (GCV) and Price of Coal

HPGCL has proposed GCV, cost of coal and Secondary Fuel (Oil) for the FY 2023-24 as per the actual weighted average calorific value of coal and landed cost of oil, during April to September of the FY 2022-23, as under: -

GCV & Coal Cost (FY 2023-24)

Particulars	PTPS-6	PTPS-7 & 8	DCRTPS	RGTPS
Gross Calorific Value of Coal (kcal/Kg)	3751	3660	3448	3348
Average landed cost of coal (Rs. /MT)	5840.84	5884.96	5908.26	5964.42

GCV & Oil Cost (FY 2023-24)

Particulars	PTPS-6	PTPS-7 & 8	DCRTPS	RGTPS
Gross Calorific Value of Oil (kcal/l)	10552	10552	10507	10672
Average landed cost of Oil (Rs. /Kl)	84595.73	84595.73	64273.29	86767.692

GCV & Cost of domestic coal & imported coal for FY 2023-24

Particulars	PTPS-6	PTPS-7 & 8	DCRTPS	RGTPS
Gross Calorific Value of domestic coal in kcal/Kg	3675	3585	3348	3214
Average landed cost of domestic coal in Rs. /MT	5039	5146	5036	4984
Gross Calorific Value of imported coal in kcal/Kg	4957	4957	4991	5097
Average landed cost of imported coal in Rs. /MT	18727	18803	19340	18855

7.6 Energy Charge Rate (ECR)

HPGCL has computed ECR as per Regulation 31 of the MYT Regulations, 2019,

on the basis of actual fuel consumed on blended basis from April, 2022 to September, 2022 as tabulated below: -

HPGCL'S Computation of ECR (FY 2023-24 leap year #)

Fuel Cost	Generation (Ex-bus)	Per Unit Variable cost
	in MU	Rs/ Unit
PTPS – 6	1426.83	4.438
PTPS – 7	1707.94	4.430
PTPS – 8	1707.94	4.430
DCRTPS 1	2049.53	4.415
DCRTPS 2	2049.53	4.415
RGTPS-1	4211.05	4.560
RGTPS-2	4211.05	4.560

 # Generation calculated on 366 days.

8 Annual Fixed Cost

The petitioner has proposed fixed cost for the FY 2023-24 in line with the HERC MYT Regulations, 2019 read with the additional submissions made in the present petition.

8.1 Operation and Maintenance Expenses (O&M)

8.1.1 Impact of 2nd Amendment in MYT Regulations, 2019 on treatment of coal handling charges.

HPGCL has submitted that the Commission, vide its order dated 31.01.2022, has carried out 2nd Amendment in the MYT Regulations, 2019 wherein Regulation 31 (C) & 33 has been modified as under:-

> ***"31 (c)*** *Energy charge rate (ECR) in Rs. per kWh on ex-power plant basis shall be determined to three decimal places in accordance with the following formula:-*
>
> *(i) In case secondary fuel Oil cost is the part of ECR:*
> *[[{SHR-(SFCXCVSF) X LPPF}/CVPF]+(SFCXLPSF)]x{100/(100-Aux)}*
> *(ii) In case secondary fuel Oil cost is not the part of ECR*
> *[{SHR-(SFCXCVSF) X LPPF}/CVPF]x{100/(100-Aux)}*
> *Where*
> *AUX = Normative auxiliary energy consumption in percentage;*
> *CVPF = Gross calorific value of primary fuel as received, in kCal per kg or per litre as applicable;*
> *CVSF = Gross calorific value of secondary fuel in kCal per ml;*
> *ECR = Energy charge rate in Rs. per kWh sent out;*
> *SHR = Normative Station Heat rate in kCal per kWh;*
> *SFC = Normative Specific fuel oil consumption in ml/kWh*
> *LPPF =Weighted average landed price of primary fuel in Rs./kg.*
> *LPSF = Weighted average landed fuel cost of Secondary Fuel in Rs./ml during the month."*
>
> ***31 (d)*** *Gross Calorific Value of Primary Fuel:*
>
> *(1) The gross calorific value for computation of energy charges shall be done in accordance with 'GCV as received' basis.*

***33**. Kcm shall be the weighted average GCV of coal on **as received basis** for the month in Kcal / Kg."*

After coming in force of the above amendments, recovering of GCV of coal has shifted from "As Fired Basis" to "As Received basis", which mandate HPGCL to shift certain expenditures under O&M. The charges in respect of Coal Handling plant, after unloading of coal by railway and charges paid to Railways etc., become a part of the O&M expenses as per the instant Regulation in the matter.

HPGCL has prayed to be allowed to shift expenses incurred in the plant after landing of coal i.e. "As Received" from Railways unloading point under O&M head for FY 2023-24 and also for the FY 2022-23. Accordingly, the claim of the said expenses may be allowed on actual basis, till the present duration of Regulation i.e. 2024. Additionally, the same may be taken as base for next control period of MYT Regulations while calculating the O&M expenses for HPGCL Plants.

Accordingly, the detailed break-up of the O&M proposed on the basis of Regulation 28 & 31 of MYT regulations, as amended on dated 31.01.2022, has been proposed as under:

Plant/Unit	**Expenditure required to be booked under O&M**	
	As per balance sheet of FY 21-22	As per Regulation with escalation @2.93% for FY 2023-24 on the basis of FY 21-22
PTPS 6,7,8	17.40	18.43
DCRTPP	15.64	16.57
RGTPP	17.41	18.45

8.1.2 O&M Expenses

HPGCL has submitted that the Commission has prescribed the norms for O&M Expenses (in Rs. Lac per MW) for the FY 2023-24 under Regulation 28 of HERC MYT Regulations, 2019 as amended from time to time. Accordingly, the O&M expense for FY 2023-24 has been proposed along with additional impact of shifting of certain heads and change in law impact, as tabulated hereunder:-

S.N	**Unit #**	**Approved**		**Proposed as per MYT,2019 for FY 23-24**		
		FY 22-23	**As per Regulation 28 of 2nd Amendment**	**Additional Expenses as per Regulation 31 of 2nd Amendment in ECR**	**Impact of change in water charges considering HWRA Notification***	**Total**
1	PTPS 6	93.003	106.827	5.45	2.68	114.9

S.N	Unit #	Approved		Proposed as per MYT,2019 for FY 23-24		
		FY 22-23	As per Regulation 28 of 2nd Amendment	Additional Expenses as per Regulation 31 of 2nd Amendment in ECR	Impact of change in water charges considering HWRA Notification*	Total
2	PTPS 7	91.477	110.75	6.49	3.2	120.4
3	PTPS 8	91.477	110.75	6.49	3.2	120.4
4	DCRTPP 1	114.835	118.2	8.29	4.85	131.3
5	DCRTPP 2	114.835	118.2	8.29	4.85	131.3
6	RGTPP 1	139.082	143.16	9.23	5.63	158.0
7	RGTPP 2	139.082	143.16	9.23	5.63	158.0
8	WYC	28.342	29.48	-	-	29.48
	Total	**812.132**	**880.52**	**53.47**	**30.04**	**964.0**

8.2 Depreciation

HPGCL has submitted that the depreciation amount has been considered only for the Capex schemes that has been completed during the year as per the HERC Regulations. Opening Gross Fixed Assets (GFA) for the FY 2023-24 is as per the Fixed Asset Register (FAR) of FY 2021-22 and closing GFA for FY 2023-24 is after considering the addition of the Capex scheme completed in the respective years is tabulated below: -

Gross Fixed Assets for FY 2023-24 (Rs. Crore)

S.N	Unit #	GFA as on 01.04.21	Addition FY 2021-22	Addition FY 2022-23	Addition FY 2023-24	GFA as on 31.03.2024
1	PTPS – 5	291.15	0.00	-	-	291.15
2	PTPS – 6	996.82	0.02	-	5.20	1002.04
3	PTPS – 7	945.52	-	0.25	9.16	954.92
4	PTPS – 8	955.20	0.22	1.05	9.16	965.60
5	DCRTPP-1	1,146.61	1.89	0.78	4.91	1154.18
6	DCRTPP-2	1,143.96	1.89	0.78	4.91	1151.53
7	RGTPP-1	2,189.54	1.39	7.96	12.45	2211.35
8	RGTPP-2	2,174.70	0.44	7.97	12.45	2195.56
9	Hydel	208.29	0.09	-	7.00	215.38
	Total	**10051.79**	**5.92**	**18.77**	**65.23**	**10141.71**

HPGCL has further submitted that the Commission in its earlier order has disallowed certain capitalisation. Accordingly, allowance GFA has been computed, as per details given below: -

Unit	GFA as on 01.04.2022- exclusive of Ind AS	Disallowances – GAAP spares	Allowable GFA as on 01.04.2022	Addition during 2022-23	Allowable GFA as on 01.04.2023	Addition during 2023-24	Allowable GFA as on 01.04.2024
PTPS – 5	291.15	34.47	256.67		256.67		256.67
PTPS – 6	996.84	1.07	995.77		995.77	5.20	1000.97
PTPS – 7	945.52	2.35	943.17	0.25	943.42	9.16	952.58
PTPS -8	955.39	5.53	949.86	1.05	950.91	9.16	960.07
DCRTP-1	1148.49	13.65	1134.85	0.78	1135.62	4.91	1140.53
DCRTP-2	1145.85	13.65	1132.20	0.78	1132.98	4.91	1137.89
RGTPP-1	2190.94	37.76	2153.18	7.96	2161.14	12.45	2173.59
RGTPP-2	2175.15	37.76	2137.39	7.97	2145.35	12.45	2157.80
Hydel	208.38		208.38		208.38	7.00	215.38
Total	**10057.71**	**146.23**	**9911.47**	**18.77**	**9930.24**	**65.23**	**9995.48**

The depreciation rate has been applied as per the rate notified in the HERC, MYT Regulations, 2019. HPGCL has further submitted that the Commission, in its order dated 31.10.2018 & 07.03.2019, had directed HPGCL not to claim depreciation on such disallowed capitalization (spares and decommissioning cost). Thus, HPGCL in compliance with aforesaid directives has excluded such depreciation. The details are tabulated below: -

Allowable GFA for FY 2023-24 (Rs. In crore)

S.No.	Unit	Actual Depreciation	Depreciation on GAAP spares	Depreciation on account of Ind AS	Net allowable depreciation
A	B	C	D	E	F = C-D-E
1	PTPS - 6	3.42	0.08	1.31	0.46
2	PTPS - 7	32.07	0.15	1.82	26.50
3	PTPS - 8	31.16	0.32	3.19	27.45
4	DCRTPP-	29.22	0.61	0.53	27.90
5	DCRTPP-	29.90	0.61	0.89	28.23
6	RGTPP-1	48.52	1.23	0.73	103.35
7	RGTPP-2	51.45	1.23	0.96	103.19
8	Hydel	5.81	-	-	7.74
	Total	**231.54**	**4.25**	**9.44**	**324.82**

It has been further submitted that the Commission in its Order dated 31.10.2018 had directed HPGCL to maintain a memorandum accounts of allowed capitalization, spares and decommissioning cost capitalized, depreciation

and net block of fixed assets. HPGCL has maintained the memorandum accounts as directed by the Commission.

8.3 Interest & Finance Charges

HPGCL has submitted that the Hon'ble Commission has approved loan portfolio for HPGCL from time to time based on the approved Capex. Further, HPGCL by using its financial prudence has been successful in restructuring its loan portfolio to reduce its interest and finance charges.

It has been submitted that HPGCL is expecting to incur interest and finance charges amounting to Rs 22.13 Cr. in the FY 2023-24 while the interest and finance charges for FY 2023-24 pre-restructuring was Rs 75.39 Cr.

Therefore, saving of Rs 53.27 Cr (Rs 75.39- 22.13 Cr.) in the interest and finance charges due to diligence and efficient financial management of HPGCL. According to Clause 21.1 (v) of the HERC MYT Regulations 2019, HPGCL is eligible for incentive on the net savings resulting from restructuring of loan. Accordingly, HPGCL requests the Commission to approve interest expenses including incentive (50% of savings from restructuring) for FY 2023-24.

An amount of Rs. 5.43 crore of the equity contribution has been considered as normative debt @ 8.5% as per Regulation 19.2(b) of the HERC MYT Regulations 2019. The normative interest expense so incurred stands at Rs 0.23 Cr. The same has been added to the interest and finance charges for tariff computation of FY 2023-24.

The interest and finance charges so computed based on the above submissions are presented below:

Interest and finance charges (Rs. Cr.) for FY 2023-24

	Int. & Fin. Charges post restructuring	**Int. & Fin. Charges pre-restructuring**	**Savings due to restructuring**	**Incentive (50% of savings)**	**Total interest expense**	**Interest expense on normative loan**	**Final Interest Expense**
1	2	3	4= (3-2)	5=50% of 4	6= (2+5)	7	8=6+7
PTPS 6	0.38	0.38	0	0	0.38	-	0.38
PTPS 7	0.80	0.82	0.03	0.01	0.81	0.01	0.82
PTPS 8	0.86	0.88	0.03	0.01	0.87	0.01	0.88
DCRTPP-1	0.54	6.23	5.68	2.84	3.39		3.39
DCRTPP-2	0.54	6.23	5.68	2.84	3.39		3.39
RGTPP-1	9.24	30.17	20.92	10.46	19.71	0.11	19.82
RGTPP-2	9.24	30.17	20.92	10.46	19.71	0.11	19.82
WYC	0.52	0.52			0.52	-	0.52

	Int. & Fin. Charges post restructuring	Int. & Fin. Charges pre-restructuring	Savings due to restructuring	Incentive (50% of savings)	Total interest expense	Interest expense on normative loan	Final Interest Expense
1	2	3	4= (3-2)	5=50% of 4	6= (2+5)	7	8=6+7
PTPS 6	0.38	0.38	0	0	0.38	-	0.38
Hydel							
Total	**22.13**	**75.39**	**53.27**	**26.63**	**48.76**	**0.23**	**48.99**

8.4 Return on Equity (RoE)

HPGCL has submitted that the Commission, in its Order dated 22.02.2022, has approved RoE @ 10%. However, the 2nd amendment to Regulation 20 of HERC MYT Regulations, 2019, specifies that RoE that can be claimed is up to 12% for thermal and up to @ 13% for hydro and also on 50% of allowable capital cost for the assets put to use during the year.

Accordingly, the equity deployed in the generation business and RoE claimed thereto for the FY 2023-24 is as under: -

Details of Equity Deployed in FY 2023-24 (Rs Cr.)

Sr. No.	Unit#	Closing FY 2021-22	Additions FY 2022-23	Additions FY 2023-24	Closing FY 2023-24	Proposed RoE@ 12%/13%
1	PTPS – 6	156.84	-	1.04	157.88	18.95
2	PTPS – 7	218.04	0.05	1.83	219.92	26.39
3	PTPS – 8	218.02	0.21	1.83	220.06	26.41
4	DCRTPS-1	251.421	0.16	0.98	252.56	30.31
5	DCRTPS-2	251.371	0.16	0.98	252.51	30.30
6	RGTPS-1	494.684	1.59	2.49	498.77	59.88
7	RGTPS-2	492.974	1.59	2.49	497.06	59.65
8	Hydel	18.355		1.40	19.76	2.57
	Total	**2101.705**	**3.75**	**13.05**	**2118.51**	**254.45**

8.5 Interest on Working Capital (IWC)

HPGCL has submitted that Regulation 22.1 of HERC MYT Regulations, 2019 lists the components of working capital to be considered for estimating tariff. Further, the Regulation 22.2 of the aforementioned Regulations state that the rate of interest on working capital shall be equal to the MCLR of the relevant financial year plus a maximum of 150 basis points. SBI MCLR as on 15.10.2022 was 7.95% p.a. Accordingly, HPGCL has estimated the working capital requirements and the interest on working capital @ 9.45% (7.95%+1.50%).

HPGCL has proposed the IWC as per the MYT, Regulations for the FY 2023-24 as

under: -

IWC (Normative) for FY 2023-24 (Rs Cr.)

Unit #	Coal Stock	Oil Stock	O&M Expenses	Maint. Spares	Receivables	Total W/C Requirement	Int. on W/C
	1 Month	1 Month	1Month	10% Thermal/7.5% (Hydel)	1 Months		@ 9.45%
PTPS – 6	51.67	1.11	9.58	11.50	65.23	139.08	13.14
PTPS – 7	62.40	0.66	10.04	12.04	79.17	164.31	15.53
PTPS – 8	62.40	0.66	10.04	12.04	78.99	164.12	15.51
DCRTPP-1	74.80	0.60	10.95	13.13	93.06	192.55	18.20
DCRTPP-2	74.80	0.60	10.95	13.13	93.09	192.57	18.20
RGTPP -1	158.40	1.62	13.17	15.80	186.76	375.74	35.51
RGTPP -2	158.40	1.62	13.17	15.80	186.97	375.95	35.53
Hydel	-	-	2.46	4.42*	3.28	10.15	0.96
Total	**642.8**	**6.86**	**80.34**	**97.88**	**786.55**	**1614.48**	**152.57**

8.6 Total Fixed Cost (proposed by HPGCL)

The Fixed Cost of HPGCL Plants as estimated and prayed for by the petitioner for the FY 2023-24 is as under:

Annual Fixed Cost (Rs. Cr.) for FY 2023-24

S.N	Unit #	O&M	Depreciation	Interest & Finance Charges	Return on Equity	W/C Interest	Total Fixed Cost
1	PTPS - 6	114.96	2.11	0.38	18.95	13.14	149.54
2	PTPS - 7	120.44	30.25	0.81	26.39	15.53	193.42
3	PTPS - 8	120.44	27.97	0.87	26.41	15.51	191.20
4	DCRTPP-1	131.34	28.69	3.39	30.31	18.20	211.93
5	DCRTPP-2	131.34	29.00	3.39	30.30	18.20	212.23
6	RGTPP-1	158.02	47.79	19.71	59.88	35.51	320.91
7	RGTPP-2	158.02	50.49	19.71	59.65	35.53	323.40
8	Hydel	29.48	5.80	0.52	2.57	0.96	39.33
	Total	**964.03**	**222.10**	**48.76**	**254.45**	**152.57**	**1641.94**

8.7 HPGCL has prayed that they may be allow recovery of all expenditure relating to petition filing fees including publication of notices etc. and any other statutory fees/ regulatory fees, taxes and levies from the beneficiaries as per actual.

8.8 Summary of Tariff computation for the FY 2023-24

Total Capacity Charges and Energy Charge Rate (ECR) per kWh for the FY 2023-24 as proposed by the petitioner is summarized as under:

Tariff Summary for FY 2023-24

Particular	PTPS 6	PTPS 7	PTPS 8	DCRTS 1	DCRTS 2	RGTPS 1	RGTPS 2	WYC HEP	Total
Total Capacity Charges (Rs crore)	149.54	193.42	191.2	211.93	212.23	320.91	323.4	39.33	1641.94
Energy Charge Rate (Rs/kWh)	4.438	4.43	4.43	4.415	4.415	4.560	4.560	Nil	

8.9 HPGCL's has Prayed as under: -

a) Admit this Petition.

b) To direct DISCOMs that any new power source added by them needs to be compared on landed cost basis, and in case the same is costlier, shall not be allowed to schedule before exhausting HPGCL Units as proposed in Chapter 2.

c) To approve the revised Capital Investment Plan (CIP) as proposed by them.

d) To approve additional new capital investment plan in respect of CCTV installation at perimeter of PTPS & replacement of fire tenders at DCRTPS as proposed by them.

e) To accord in-principal approval along with tentative cost for installation of EV Charging stations at HPGCL plants & Head office as proposed by them.

f) To declare revision in water charges by HWRA vide notification dated 15.07.2022 under "Change in Law" and allow appropriate recovery as proposed by them.

g) To allow fixed cost recovery of PTPS Units as per the norms envisaged in the MYT Regulation,2019 as proposed in Chapter 5.

h) To take the note of savings by running Unit-6, PTPS against marginal cost of IEX.

i) To allow expense of Rs 50.45 Cr in respect of CHP as prayed in Chapter 6 of the petitioner, as no other income source is with HPGCL to adjust the same.

j) To allow Additional Auxiliary Consumption of Rs 7.40 Cr as prayed for, as no other income source is with HPGCL to adjust the same.

k) To allow true up of A&G of Rs 2.97 Cr as prayed for in Chapter 6 of the petition.

l) To allow the True-up amounting to Rs 278.69 Cr with appropriate holding cost as prayed in Chapter 6 excluding Unit-6, PTPS.

m) To take the note of expenditure of Unit-6, PTPS not offered for True-up as submitted in Chapter 6.

n) Allow to recover the legitimate expenses which needs to be shifted under O&M charges on account of 2nd Amendment of MYT Regulation 2019 as prayed in Chapter 7.

o) Allow the Normative fixed cost by considering the additional impact of Change in Law in respect of water charges and shifting of expenditures on account of 2nd Amendment of MYT Regulation 2019 and Normative ECR for FY 2023-24 as submitted in Chapter 7.

p) Allow recovery of all expenditure relating to petition filing fees including publication of notices etc. and any other statutory fees/ regulatory fees, taxes and levies from the beneficiaries as per actual.

q) Condone any inadvertent omissions / errors / delays / short comings and permit the applicant to add/ change/modify/ alter this filing and make further submissions as may be required at later stage as the filing is being done based on the best available information.

r) Treat the filing as complete in view of substantial compliance as also the specific requests for waivers with justification placed on record.

9 Additional data/details provided by HPGCL

The Commission, after initial scrutiny of the petition, sought additional data / information, the same was provided by HPGCL vide Memo no. 258/HPGCL/Reg.-522 dated 26.12.2022. The additional submissions of the petitioner, in response to the Commission's Memo No. HERC / Tariff / 4121 dated 12.12.2022 has been taken on record.

10 Procedural Aspects, Analysis & Order of the Commission

In line with Section 64 of the Electricity Act, 2003 and Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019, the Commission scheduled a hearing on 11.01.2023 in order to afford an opportunity to the stakeholders to present their objections / suggestions on the present petition of HPGCL. In response to the public notice no comments / objections were filed by any stakeholder including the distribution

licensees/HPPC. As such, no intervener was present in the hearing.

11 State Advisory Committee (SAC)

In order to take forward the consultation process and to have the benefits of the views / suggestions of the Members of the SAC, a meeting of the State Advisory Committee, constituted under Section 87 of the Act, was convened on 25/01/2023 to discuss the petition filed by the Haryana Power Utilities including HPGCL. The SAC Members present mostly commented on the petition(s) filed by the distribution licensee. Hence, the same is not re-produced here.

Commission's Order

The Commission, while passing the present order has considered the petition filed by HPGCL, additional information provided by them from time to time, oral submissions made in the public hearing held on 11.01.2023 as well as the views expressed by the SAC Members in the meeting held on 25/01/2023.

At the onset, the Commission reiterates that the present order is confined to the true up of the FY 2021-22 and determination of generation tariff for the FY 2023-24 in accordance with the HERC MYT Regulations, 2019. Hence, any other issue that the petitioner may have raised outside the scope of the present proceedings, has not been dealt in the present order.

12 FY 2021-22 True-Up

The Commission has considered the submissions of the petitioner regarding 'true up' of various expenses for the FY 2021-22. While considering the true-up petition of HPGCL for the FY 2021-22, the actual expenditure as per the audited accounts of the FY 2021-22 vis-à-vis the expenses approved by the Commission vide its Order dated 18.02.2021 for the FY 2021-22 has been reckoned with. Accordingly, the Commission has allowed or disallowed, as the case may be, recovery of the trued-up amount in accordance with the provisions of the MYT Regulations, 2019.

At the onset, it is observed that HPGCL has claimed true-up of the recovered expenses vis-à-vis actual expenses, citing Regulation 13 and 30 of the HERC MYT Regulations, 2019. HPGCL has submitted that the unrecovered amount may be allowed to recovered as per Regulation 13.4 of the MYT regulations 2019 at the end of control period of present control period of MYT Regulations,2019.

HPGCL has relied upon regulation 30 of the HERC MYT Regulations, 2019, reproduced hereunder: -

"30. RECOVERY OF ANNUAL FIXED CHARGES (CAPACITY) CHARGES FOR THERMAL POWER PROJECTS

(a) The fixed cost of a thermal generating station shall be computed on annual basis, based on norms specified under these Regulations. Payment of capacity charge by the beneficiaries shall be on monthly basis in proportion to allocated / contracted capacity. The total capacity charges payable for a generating plant shall be shared by its beneficiaries as per their respective percentage share / allocation in the capacity of the generating plant;

(b) A generating plant shall recover full capacity charge at the normative annual plant availability factor specified by the Commission. Recovery of capacity charge below the level of target availability shall be on pro-rata basis……"

HPGCL has submitted that in view of non-availability of RGTPS -2, & partial non-availability of DCRTPS-1, the true-up, on the basis of recovered in terms of Regulation 30 vs Actuals, has been offered/ claimed for available units only.

In view of the above, the variance on account of recovered vs actuals has been shown in the petition. The true-up claimed is in line with Regulation 8.3 & Regulation 30 of HERC MYT Regulation, 2019 and no true up on account of R&M/A&G expenses of RGTPS-2 on account of non-availability due to rotor issue and partial non-availability of DCRTPS-1 has been sought under true up as no tariff has been recovered up to the extent of non-availability of the Units, which leads to gap between variance and true-up in the various heads.

In this regard, the Commission observes that the issue has already been discussed in the previous ARR order(s) dated 18.02.2021 and 22.02.2022 the operative part of the said order(s) is reproduced below: -

> *"The Commission has carefully examined the Regulations cited by the petitioner in support of its claim. The regulation 13.4 provides that "over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period." The Commission observes that this clause in the MYT regulations is meant for DISCOMs only, where at*

times the ARR remains unrecovered through tariff. In that event, the unrecovered amount is allowed to be adjusted in the ensuing year by appropriate resetting of tariff. The generating companies are allowed to recover their full annual fixed cost under regulation 30 of HERC MYT Regulations, 2019, based on their plant availability. The generating plant shall recover full capacity charges at the normative annual plant availability factor specified by the Commission. Recovery of capacity charges below the level of target availability shall be on pro-rata basis. No capacity charges shall be payable at zero availability. Thus, in case availability of the plant is below the normative plant availability, it will not be able to recover full fixed cost and some portion will remains unrecovered. This has been provided in order to provide equity on both the sides. While DISCOMs pay fixed costs for the power which remains available to them up to the level of norms and the same time generator is required to be geared to generate in order to recover fixed cost. The generator is not allowed to claim the unrecovered fixed cost due to their non-availability, in the true-up. DISCOMs are required to pay the fixed cost, only and to the extent of the generator remains available for them.

The Commission further observes that the similar issue was also raised by HPGCL in its true-up petition for the FY 2019-2020, albeit on the different grounds i.e. non-recovery of expenses due to "force majeure" conditions caused by COVID-19 pandemic and resultantly delay in capital overhauling of RGTPP-1.

The Commission re-iterates its decision taken in its order dated 18.02.2021 (HERC/PRO-76 of 2020) that the present true-up exercise is being carried out with respect to the fixed cost already approved vis-vis actual cost incurred. *The basis, details and the amount to be trued up under each head are discussed in the paragraphs that follow."*

(para 13 of the order dated 22.02.2022)

Similarly, the Commission had carefully examined the admissibility of the expense on account of Coal Handling Plant (CHP) and Additional Auxiliary Consumption, in its earlier orders dated 18.02.2021 and 22.02.2022 and it was decided as under:-

"The Commission in its earlier orders dated 24.04.2020 and 18.02.2021, has not approved the Additional Auxiliary Consumption. In this regard, the

Commission in its ARR Order dated 24.04.2020, had directed HPGCL "to take remedial measures to address the issue of frequent backing down. Such relief, which is not supported by HERC MYT Regulations same shall not be considered in future."

"Regarding R&M cost related to coal handling plant (Rs. 52.37 Crore), the Commission observes that there is change in the practice by HPGCL of claiming expenses relating to coal handling. Prior to the FY 2020-21, it was treated as part of coal cost and claimed as Energy Charge Rate (ECR). Whereas, in the FY 2020-21, it has been claimed as fixed cost under R&M expenses. The Commission observes that norms of R&M for the MYT period of 01.04.2020 to 31.03.2025 were fixed based on the corresponding figures for the FY 2017-18 and in the audited figures of the FY 2017-18, these expenses did not form part of the R&M expenses.

The Commission has considered the order dated 11.07.2018 (Petition No. 93/MP/2017) passed by Hon'ble Central Electricity Regulatory Commission, wherein Kerala State Electricity Board Limited (the petitioner) asserted that "other charges" comprising of stone picking charges, loco drivers' salary and sampling charges etc. shall be booked/met to/from O&M expenses. Whereas, NTPC (the respondent) contended that these expenses are incidental to the process of bringing coal till unloading point of the generating station; accordingly, not included in the O&M expenses. NTPC further asserted that these expenses were not even formed part of the O&M expenses of the base year (FY 2008-09 to 2012-13) which was considered while determining the norms of O&M expenses in the Tariff Regulations, 2014. Hon'ble CERC has held as under:-

"28. The 2014 Tariff Regulations provides for computing the energy charges considering the landed price of fuel. Landed price would take into account charges paid to Coal Company, the transportation cost and all incidental costs involved in bringing coal upto the unloading point. The expenses indicated by NTPC and MPL are in the nature of incidental costs involved in bringing coal upto the unloading point. These charges have been shown separately only to indicate them as charges paid in addition to what is paid to coal companies and transportation companies and are therefore, part of landed cost of fuel.

Therefore, the claim under other charges is not illegitimate as pleaded by the Petitioner."

"Thus, following the ratio of the judgement Supra, the Commission, at this stage, is not inclined to accept the change of accounting practice by HPGCL without even including any specific prayer for the same in their petition and decides that the landed price of coal includes charges paid to coal company, the transportation cost and all incidental costs involved in bringing coal up to the unloading point. HPGCL should have claimed this cost as part of ECR, as per their existing practice and the practice being adopted by NTPC. The Commission is of the view that the practice of charging such cost to ECR, uniformly across the generators and generator inter-se, helps in the preparation of correct "Merit Order Despatch" by DISCOMs. Further, such change in the important accounting practices, without even adequate disclosures / prayers, derails the "Merit Order Despatch" prepared by DISCOMs. Therefore, coal handling expenses (Rs. 52.37 Crore) are not approved as part of R&M expenses."

(para 14 of the order dated 22.02.2022)

Accordingly, the Commission having given its mind in the matter on several occasions, is not inclined to approve "Additional Auxiliary Consumption" as prayed for by the petitioner i.e. HPGCL, as the same is not provided for in the Regulations occupying the field i.e. HERC MYT Regulations, 2019 in vogue.

HPGCL is advised not to agitate the same issue, repetitively, as the decisions of the Commission are considered decisions, unless the same is warranted by change in law or decision of judicial authorities of competent jurisdiction.

HPGCL has further submitted that the true-up has been claimed/offered, after considering the non-availability / partial availability of RGTPS-2 / DCRTPS-1 and further considering the amount recovered vs. actual for the other units. However, the details substantiating such claim/submissions has not been provided by HPGCL. Additionally, the amount recovered has been wrongly considered by HPGCL, in the true-up claim. Accordingly, the

Commission has examined the unit-wise and expense head wise admissibility of the true-up claimed/offered by HPGCL, considering the submission of HPGCL that the amount of fixed cost already recovered is after considering the non-availability / partial availability of RGTPP-2 / DCRTPP-1. Further, the fixed cost (not only R&M/A&G) allowed to HPGCL for the financial year 2021-2022, in the Generation Tariff Order dated 18.02.2021, was allowed to be recovered subject to the annual plant availability. Accordingly, HPPC/DISCOMs may re-examine the recovery of fixed cost allowed to HPGCL vis-à-vis NAPAF for the FY 2021-22, in the bills raised by HPGCL and take appropriate action accordingly. However, the true-up portion approved in the present order has been adjusted on account of non-availability / partial availability of RGTPS-2 / DCRTPS-1.

13 Operation and Maintenance Expenses (O&M)

As per the provisions of the HERC MYT Regulations, 2019, regarding the basis and admissibility of truing-up, the Commission has examined the Audited Accounts of HPGCL for the FY 2021-22, true-up petition of HPGCL submitted vide memo no. 232/HPGC/Reg-522 dated 28.11.2022 and additional information submitted by HPGCL. It is observed that HPGCL has sought true-up amounting to 261.18 Crore on account of O&M expenses, without mapping the true-up sought on the basis of the Audited Accounts and the said expenses as approved by this Commission. The true-up of Rs. 261.18 Crore has been sought on account of true up of employees cost Rs. 200.36 crore (Recovered -Rs. 410.12 Crore minus actual – Rs. 610.48 Crore excluding PTPS – 6 Rs. 76.81 Crore), Rs. 57.85 crore on account of R&M expenses (comprising of coal handling plant expenses amounting to Rs. 50.45 crore and expenses towards Additional Auxiliary Consumption amounting to Rs. 7.40 crore) and Rs. 2.97 crore on account of A&G expenses.

The Commission, on perusal of the claims, observes that the true-up of Rs. 75.55 crore was admissible on account excess (actual) employee cost incurred by HPGCL i.e. Rs. 610.48 Crore over and above the expenses approved in the order dated 18.02.2021 i.e. Rs. 534.93 Crore (Rs. 610.48 Crore minus Rs. 534.93 Crore). However, the admissibility of the same is to be further reduced, considering Plant Availability Factor of RGTPS 2 and DCRTPS 1, in line with the MYT Regulations in vogue wherein fixed cost including employees cost is

recoverable on a pro-rata basis in case the NAPAF is below the norms.

Accordingly, Rs. 74.51 Crore has been considered for true-up of employees cost as per the details tabulated below: -

Rs. in crore	PTPS - 7	PTPS - 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Approved (A)	73.21	73.21	104.89	104.89	77.43	77.43	23.87	534.93
Actual (B)	105.78	105.78	167.38	43.62	82.63	82.63	22.66	610.48
True-up C=B-A	32.57	32.57	62.49	-61.27	5.20	5.20	-1.21	75.55
Plant Availability Factor	98.19	91.62	96.12	0	68.00	98.52	-	
True up adjusted to Plant availability factor of RGTPS 2 and DCRTP 1	32.57	32.57	62.49	-61.27	4.16 (5.20 x 68/85)	5.20	-1.21	74.51

The Commission observes that HPGCL has claimed true-up of Repair & Maintenance expenses (R&M) amounting to Rs. 57.85 Crore, on account of Coal Handling Plant (CHP Rs 50.45 Cr) and Additional Auxiliary Consumption (Rs 7.41 Cr). HPGCL has submitted that no claim has been made in respect of additional Auxiliary Consumption (AAC) of RGTPS 2 and DCRTPS 1 on account of their unavailability. HPGCL has further submitted that the CHP expenses has been incurred for making the plant available, which becomes the part of O&M cost, the same needs to be allowed under True-up, as per the Regulation 31 & 32 read with Regulation 33. It has been submitted that the landed cost of fuel has been taken of railways unloading point. Thus, in the past it was inadvertently left to be booked under O&M expenses, thus the same stands unrecovered. Being the legitimate O&M expense, the same may be allowed to be recovered.

As discussed earlier in this Order, both of these claims proposed were examined by the Commission in its earlier order(s) and a considered view was taken that these expenses are not admissible. Hence, the issue re-agitated by the petitioner is hit by res-judicata.

The Commission observes that the issue of Coal Handling charges forming part of R&M expenses has been taken up by HPGCL again while claiming O&M expenses for the FY 2023-24, albeit on the different ground i.e. 2nd Amendment in MYT Regulations, 2019 has shifted the GCV of the coal from “As Fired Basis” to “As Received basis”, which mandate HPGCL to shift certain expenditures

under O&M. The charges in respect of Coal Handling plant after unloading of coal by railway and charges paid to Railways etc become the part of O&M cost as per the instant Regulation in the matter. Accordingly, HPGCL has prayed to allow it to shift expenses incurred in the plant after landing of coal i.e. "As Received" from Railways unloading point under O&M head. HPGCL has further prayed that the same may be taken as base for next control period of MYT Regulations while calculating the O&M expenses for HPGCL Plants.

Further, the Commission observes that SLDC charges (Rs. 4.77 Crore) claimed by HPGCL as part of O&M expenses, has already been claimed from DISCOMs by raising invoices. The recovery of SLDC charges (Rs. 4.77 Crore) is appearing in Note 30 of the Audited Financial Statements for the FY 2021-22 submitted by HPGCL. **Therefore, the same shall not form part of true-up under O&M expenses, as this would tantamount to double recovery of the same amount.**

In this regard, HPGCL ought to refrain from agitating the same issues albeit on different grounds, repetitively. The decisions of the Commission are considered decisions, unless the same is warranted by change in law or decision of higher judicial authorities, no shift in stand is either warranted or justifiable.

Accordingly, Rs. 17.83 Crore (minus) has been considered for true-up of R&M expenses, as under:-

Rs. in crore	PTPS -7	PTPS – 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Approved (A)	13.58	13.58	25.75	25.75	31.17	31.17	3.05	144.05
Actual (B)	19.82	27.47	35.73	52.41	52.28	27.81	4.21	219.73
True-up C=B-A	6.24	13.89	9.98	26.66	21.12	-3.36	1.16	75.69
Plant Availability Factor	98.19	91.62	96.12	0	68	98.52	-	
True up adjusted to Plant availability factor of RGTPS 2 and DCRTP 1	6.24	13.89	9.98	0.00	16.89	-3.36	1.16	44.80
Less: CHP expenses								50.45
Less: AAC expenses								7.41
Less: SLDC charges (claimed separately from DISCOMs)								4.77
Net true-up								**-17.83**

The A&G expenses approved by the Commission for the FY 2021-22 was Rs. 19.68 cr. As against this, the actual A&G expense for the year is Rs. 25.36 cr.

The Commission has considered the submissions of HPGCL that it may be allowed to claim A&G expenses of PTPS 7 &8 up to the norms specified in the MYT Regulations, as amended from time to time, since the same was reduced to 50% in the HERC's order dated 18.02.2021 on account of low PLF i.e. 53% as against the norms of 85%. The Commission observes that actual PLF of PTPS 7 & 8, during the FY 2021-22 was 63.22% and 53.68% respectively; although, their availability (deemed PLF) was 98.19% and 91.62%, respectively. Thus, the actual PLF of PTPS 8 is around the same level as approved in the order dated 18.02.2021 i.e. 53%. However, the PLF of PTPS 7 has increased marginally from 53% to 63%. **Accordingly, the Commission has allowed the prayer of HPGCL for increasing the A&G expenses of PTPS 7 up to the normative level specified in the MYT Regulations, 2019 as amended from time to time, limited to the extent of actual A&G expenses incurred.**

Consequently, Rs. 1.48 Crore has been considered for true-up of A&G expenses, as tabulated below:-

Rs. in crore	PTPS -7	PTPS - 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Approved (A)	2.08	2.08	4.48	4.48	2.97	2.97	0.61	19.68
Actual (B)	3.56	3.59	5.15	5.15	3.62	3.61	0.68	25.36
True-up C=B-A	1.48	1.51	0.67	0.67	0.65	0.64	0.07	5.68
50% as per MYT Regulations	2.08	0.00						2.08
True up allowed	1.48	0.00	0.00	0.00	0.00	0.00	0.00	1.48

Thus, the true-up amount of O&M expenses for the FY 2021-22 works out to Rs. 58.16 Crore (Rs. 74.51 Crore + Rs. 1.48 Crore - Rs. 17.83 Crore).

14 True-up of Depreciation Amount

The Commission has carefully examined the submissions of HPGCL that the actual depreciation amount in the FY 2021-22 was Rs. 331.75 Crores (net of solar business) as against the approved depreciation amount of Rs. 322.87 Crore. It has been further submitted that the depreciation on account of capitalization of spares and decommissioning cost stands at Rs. 15.79 Cr. Hence, the net allowable depreciation for the FY 2021-22, exclusive of Solar business and depreciation on spares and Decommissioning Cost is Rs. 315.96 Cr (331.75-15.79).

Therefore, the actual allowable depreciation for the FY 2021-22, works out to Rs. 315.96 Crore as against the approved depreciation of Rs. 322.87 Crore. Further, the admissibility of the same is reduced, considering Plant Availability Factor of RGTPS 2 and DCRTPS 1. Therefore, the Commission allows true-up of Rs. (-) 11.28 Crore, on account of depreciation, as per the details presented below:-

Rs. in crore	PTPS -7	PTPS - 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Approved (A)	26.17	27.28	103.64	102.63	27.97	28.36	6.82	322.87
Actual (B)	21.76	29.90	97.92	105.55	25.89	29.20	5.72	315.94
True-up C=B-A	-4.41	2.62	-5.72	2.92	-2.08	0.84	-1.10	-6.93
Plant Availability Factor	98.19	91.62	96.12	0	68	98.52	0	
True up adjusted to Plant availability factor of RGTPS 2 and DCRTP 1	-4.41	2.62	-5.72	0.00	-3.51	0.84	-1.10	-11.28

15 True-up for the Interest and Finance Charges

The Commission has examined the submissions of HPGCL that the actual interest and finance charges of HPGCL was Rs. 29.38 Crore (net of Solar Business) as per the audited accounts for the FY 2021-22, as against the approved interest and finance charges on term loan of Rs 104.77 Crore. Interest on term loan was allowed in the order dated 18.02.2021, as per the existing loan portfolio of HPGCL i.e. post restructuring, subject to true-up.

HPGCL has further submitted that it has paid compensation amounting to Rs. 7.30 Cr. to the land owners of RGTPS, Hisar in compliance to order of Hon'ble Supreme Court and Rs. 0.46 Cr. to the land owners of PTPS, Panipat in compliance of Hon'ble Punjab& Haryana High Court. The entire compensation is in the nature of capital expenditure of HPGCL and has been entirely funded by the State Govt. by way of equity infusion. As per Regulation 19.2 (b) of the HERC MYT Regulations 2019, the Capital Expenditure is to be funded in the Debt Equity ratio of 70:30. Equity in access of 30% would be treated as normative loan/ debt for the purpose of tariff determination and true-up. Accordingly, HPGCL has considered Rs. 5.43 Crore being 70% of the capital expenditure incurred on the land compensation of Rs. 7.76 Crore (7.30+0.46) as normative debt at 8.5% rate of interest (average actual rate of interest of HPGCL). The normative interest expense, so incurred, stands at Rs 0.23 Cr. The same has been added to the final true-up of FY 2021-22.

Interest and Finance charges for FY 2021-22 as per pre-restructuring Loan portfolio, excluding solar business, is given in the table that follows: -

Particulars	Rate of Interest	Opening Bal	Drawls during the year	Repayments during the year	Closing Balance	Interest during the year
GPF Bonds	7.10%	33.91	0.00	6.78	27.13	1.93
SBI DCRTPP YNR – PFC takeover	12.50%	392.02	0.00	120.64	271.38	41.46
REC	12.25%	426.04	0.00	75.60	350.44	47.56
State Bank of India(RGTPP) – PFC Takeover	11.45%	438.30	0.00	101.64	336.66	44.37
APDP Loan	12.50%	2.96	0.00	0.15	2.81	0.36
Punjab National Bank (Andhra Takeover)	8.65%	1.05	0.00	1.05	0	0.05
Punjab National Bank (Andhra Takeover Hisar)	8.65%	19.40	0.00	19.40	0	0.84
Punjab National Bank REC Takeover	12.25%	102.25	0.00	20.52	81.73	11.27
NABARD	5.25%	34.49	0.00	11.50	22.99	1.71*
Total		**1450.42**	**0.00**	**357.28**	**1093.14**	**149.55**

*** Total Interest during the year excluding solar business 149.55 – 1.71= 147.84 Cr**

HPGCL has further submitted the actual Interest and Finance charges for the FY 2021-22, excluding solar business, past re-structuring of the loan portfolio as under:

Particulars	Rate of Interest (%)	Opening Bal	Additions during the year	Repayments during the year	Closing Balance	Interest during the year
GPF Bonds	7.10	33.91	0.00	6.78	27.13	1.93
SBI (DCRTPP)	-	0.00	0.00	0.00	0.00	0.00
REC	7.75	377.93	0.00	75.58	302.35	27.08
SBI(RGTPP)	-	0.00	0.00	0.00	0.00	0.00
APDP Loan	12.50	2.96	0.00	0.15	2.81	0.37
PNB(Andhra Takeover)	8.50	0.00	0.00	0.00	0.00	0.00
PNB(Andhra Takeover, Hisar)	8.50	0.00	0.00	0.00	0.00	0.00
PNB Loan	8.50	0.00	0.00	0.00	0.00	0.00
NABARD	5.25%	34.49	0.00	11.50	22.99	1.71*
PNB (SBI takeover)		0.00	0.00	0.00	0.00	0.00
Total		**449.29**	**0.00**	**94.01**	**355.28**	**31.09**

***Solar business**

HPGCL has submitted that the reduction in interest & Finance Charges is a direct result of the financial prudence of HPGCL. As per the relevant Regulation, the Hon'ble Commission may allow HPGCL to retain 50% of the savings.

Accordingly, HPGCL has proposed to pass on 50% of the savings on 'interest and finance charges' to the beneficiaries as under: -

Particular	Approved interest & Finance Charges	Actual interest & Finance Charges	Pre-restructuring interest & Finance Charges	Allowable interest & Finance Charges	Recovered by HPGCL	True-up
1	**2**	**3**	**4**	**5=3+50% (4-3)**	**6**	**7=5-6**
Int.& Fin. Charges (A)	104.77	29.38	147.84	88.61	62.47	26.14
Int. On Normative Debt(B)	0	0	0	0.23		0.23
Total True up of Int.& Fin. Charges(A+B)	**104.77**	**29.38**	**147.84**	**88.84**	**62.47**	**26.37**

HPGCL has therefore, requested to be allowed Rs 26.37 Cr. as pass through of Interest & Finance charges.

In this regard, the Commission observes that the issue has already been discussed and decided by the Commission in the previous ARR orders dated 18.02.2021 and 22.02.2022. The detailed discussion and the view considered of the Commission as recorded in the order dated 18.02.2021 is reproduced hereunder: -

"The Commission observes that HPGCL has already been allowed benefit of saving in interest amounting to Rs. 59.84 Crore due to re-structuring in its Order dated 07.03.2019, on the basis of facts and figures placed on record by HPGCL itself. The interest post restructuring projected by HPGCL in its Petition for the FY 2019-20 was Rs. 141.49 Crore, which now on actual basis has been shown as Rs. 102.31 Crore, mainly due to prepayment and general decline in the lending rates in the prevalent market scenario. In such a scenario, even if, HPGCL would have retained the loans from REC/PFC, the applicable rate of interest would have been lower. HPGCL could have negotiated the rate of interest with REC/PFC on the basis of their credit rating and State Sector borrower and get the rate of interest reduced. The reply of HPGCL in this context that these loans were governed by specific terms & conditions and interest rate was not floating, is not found convincing as these loans generally carry reset option of 3 years. The general rate of interest (before negotiation) applicable on REC loan as on 04.04.2018

was 10.90% p.a. & PFC loan as on 15.06.2018, it was 11.40% p.a., applicable for State Sector borrower with A++ category.

Further, the Commission observes the following provisions of Regulation 12 of HERC MYT Regulations, 2012, relating to incentive and penalty framework: -

"12. INCENTIVE AND PENALTY FRAMEWORK

12.1 Various elements of the ARR of the generating company and the licensee will be subject to incentive and penalty framework as per the terms specified in this regulation. The overall aim is to incentivize better performance and penalize poor performance, with the base level as per the norms / benchmarks specified by the Commission.

12.2 The elements of ARR of generating company and licensees to which incentive and penalty framework shall apply are as follows:

a) *Common for generating company and licensees*

i. *Operation & maintenance expenses-Applicable when the actual expenses fall below or exceed the level specified by the Commission.*

ii. ***Interest on new long-term loans****- Applicable when* ***interest rate falls below or exceeds the level*** *specified by the Commission.*

iii. ***Restructuring of capital cost*** *- Applicable when there is a* ***benefit from restructuring of capital cost****.*

iv. *Interest on working capital- Applicable when interest rate falls below or exceeds the level specified by the Commission*

vi. ***Restructuring of loan portfolio****- Applicable when there is a net benefit from* ***restructuring of loan portfolio****."*

(Emphasis added)

The Regulation 12.2 has specified that interest on term loan is subject to incentive and penalty framework on account of changes in the rate of interest, restructuring of capital cost and loan portfolio. While the restructuring of capital cost relates to restructuring of debt & equity, prepayment of debts from introduction of fresh equity/utilization of internal accrual etc. Restructuring of loan portfolio refers to the change in the existing loans w.r.t. the rate of interest/monthly installments/terms & conditions of existing loans etc. In a nutshell, the Regulations provides that all the factors relating to changes in rate of interest, swapping of higher interest-bearing loan with low interest-bearing loans and prepayment of loan from internal accruals, are covered by Incentive and Penalty frameworks specified in Regulation clause 12.2.

HPGCL, in its Petition for the FY 2019-20, has submitted that interest cost after restructuring is Rs. 141.49 Crore, which is after saving of Rs. 119.67 Crore due to such restructuring. Accordingly, HPGCL claimed 50% of such interest saving amounting to Rs. 59.84 Crore (50% of Rs. 119.67 Crore). The Commission in its Order dated 07.03.2019 (HERC/PRO-59 of 2018) had accepted the submissions of HPGCL and approved the interest cost of Rs. 185.22 Crore, after disallowing the loan to be met from Dry Fly Ash Fund i.e. Rs. 141.49 Crore + Rs. 59.84 Crore – Rs. 16.11 Crore. Thus, benefit of interest saving due to restructuring was passed on to HPGCL, in the Order dated 07.03.2019.

Now, while undertaking true-up exercise, actual interest cost has to be compared with the interest cost approved in the Order dated 07.03.2019 and 50% of the difference may be allowed to be kept by HPGCL in line with Regulation clause 12.2 of HERC MYT Regulations, 2012."

In this regard it is re-iterated that, HPGCL may not agitate the same issue, taking different grounds, repetitively, as the decisions of the Commission are considered decisions, unless the same is warranted by change in law or decision of higher judicial authorities.

Accordingly, true up of interest & finance charges (-) 37.46 Crore is tabulated below: -

Particular	Approved interest & Finance Charges	Actual interest & Finance Charges	Difference of allowed and actual	50% of the difference at (A) allowed to be retained by HPGCL	True-up
1	**2**	**3**	**4 = 3-2**	**5= 4 *50%**	**6=4-5**
Int.& Fin. Charges (A)	104.77	29.38	75.39	37.70	37.69
Int. On Normative Debt(B)	0	0.23	0.23	-	0.23
Total True up of Int.& Fin. Charges(A-B)	**104.77**	**29.38**			**37.46**

16 True-up of Return on Equity (ROE)

HPGCL has submitted that the Hon'ble Commission, vide its order dated 18.02.2021, has adjudicated the issue arising from RoE as under: -

"The Commission observes that HPGCL has been claiming RoE @ 14% on its eligible equity. The Commission, in the present order, has restricted the same to

10% amounting to Rs 210.938 Crore. It needs to be noted that Return on Equity is provided to the owners of the shared capital, in this case, the State Government. The said return ought to have gone to the State Government in the form of dividend. It is observed that HPGCL is neither paying dividend to the State Government nor utilizing the same for funding of its new capex. Hence, the Commission orders that RoE allowed by the Commission shall be adjusted against RE subsidy payable by the State Government. This issue also address the issue of unpaid subsidy to a certain extent and the cost of additional working capital borrowings of the Discoms."

HPGCL has preferred statutory appeal vide Appeal No 150/2021 in Hon'ble APTEL on the above said directive for adjusting of RoE against subsidy being paid by Government to DISCOMs. The same is pending for adjudication and is required to be taken up true-up after the adjudication of the matter by Hon'ble APTEL.

Keeping in view of the same, the details of opening equity, equity addition and required return of equity, considered unit-wise, for the FY 2021-22, is summarized as under:

Rs. Crore

Plants	**Opening**	**Additions**	**Closing**	**RoE**
PTPS – 7	218.04	-	218.04	21.80
PTPS – 8	218.02	-	218.02	21.80
DCRTPP-1	251.165	0.256	251.421	25.13
DCRTPP-2	251.115	0.256	251.371	25.12
RGTPP-1	494.683	0.206	494.889	49.48
RGTPP-2	492.973	0.041	493.014	49.30
Hydel	18.355	-	18.355	1.84
Total	**1944.35**	**0.759**	**1945.109**	**194.47**

Approved RoE(A)	Actual (B)	Recovered (C)	Variance in RoE cost (B-C)	True-up (E)
195.26	194.47	140.21	54.26	-

In this regard, the Commission has reconsidered the issue of adjusting of the RoE allowed against the subsidy being paid by Government to DISCOMs, on the review petitions filed by other State owned power utilities of Haryana viz. Transco (HVPNL) and DISCOMs (UHBVNL/DHBVNL).

The extract of the decision of the Commission dated 31.03.2022 (RA-8 of

2021 and RA-9 of 2021), in the matter of UHBVNL/DHBVNL, is as under:-

"The Commission has considered the review sought on this issue and observes that the State Government has committed to pay the RE Subsidy and other subsidy to the distribution licensees as determined by the Commission for the relevant FY and committed for the same. The Commission further observes that UHBVNL, on behalf of the State Government has submitted that the matter regarding provision of RE subsidy including the FSA liability of AP Tube well Consumers was taken up with the Finance Department. The State Government has made the provision for the subsidy in its budget. Further, the State Government is releasing the RE Subsidy and related FSA to the licensee as per the budgetary allocations. Moreover, it is a matter of record that the loans of the Discoms have been taken over by the State Government under FRP and UDAY Schemes. The report of the State Government as put up by UHBVN, states that "....the matter regarding provision of RE Subsidy including the FSA liability of AP Tube well consumers was taken up with the Finance Department. The State Government has made the provision for the subsidy in its budget. Further, the State Government is releasing the RE subsidy and related FSA to the licensees as per the budgetary allocations". Accordingly, as the State Government has agreed to release the RE Subsidy to the DISCOM's. Hence, on review, the Commission's directive regarding adjustment of ROE against unpaid subsidy is withdrawn.

In the light of their report received subsequently, including the submissions of the Secretary / Power vide letter dated 6.10.2021 i.e. "... equity is booked to capital head whereas RE Subsidy is booked to revenue head. Adjustment of capital account in revenue account is not permissible under the accounting policy of the State Government," the Commission finds merit in the review sought in the matter. Consequently, the ROE, as calculated by the Commission, in the impugned order will form part of the expenditure/ARR of the relevant year i.e. FY 2021-22 and will be taken up for truing up in the FY 2023-24."

Similarly, the extract of the decision of the Commission dated 31.03.2022

(RA-5 of 2021), in the matter of HVPNL, is as under:-

"The Commission observes that UHBVNL, on behalf of the State Government, has submitted that the matter regarding provision of RE subsidy including the FSA liability of AP Tube well Consumers was taken up with the Finance Department. It has been submitted that the State Government has made the provision for the subsidy in its budget. Further, the State Government is releasing the RE Subsidy and related FSA to the licensee as per the budgetary allocations. Moreover, it is a matter of record that the loans of the Discoms have been taken over by the State Government under FRP and UDAY Schemes.

Accordingly, as the State Government has agreed to release RE Subsidy to the DISCOM's, the RoE as re-calculated in the present order after adjusting the GFA for the error apparent on the face of record, shall be added to the expenses/ ARR of the petitioner and trued-up in line with the MYT Regulations in vogue. Hence, on review, the Commission's directive regarding adjustment of ROE against unpaid subsidy is withdrawn."

Thus, the Commission has re-called its directive regarding adjustment of ROE against unpaid subsidy, to other State Power Utilities. The same is mutis -mutandis, applicable to HPGCL as well. Therefore, HPGCL may recover the unrecovered amount of RoE already approved in the order dated 18.02.2021, subject to annual plant availability during the FY 2021-22. Further, the true up of Return on Equity (-) 4.47 Crore is allowed, as tabulated below: -

Rs. in crore	PTPS -7	PTPS - 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Approved (A)	21.87	21.87	49.70	49.53	25.20	25.20	1.90	195.27
Actual (B)	21.80	21.80	49.48	49.48	25.13	25.12	1.84	194.65
True-up C=B-A	0.07	0.07	0.22	0.05	0.07	0.08	0.06	0.62
Plant Availability Factor	98.19	91.62	96.12	-	68.00	98.52	-	
True up adjusted to Plant availability factor of RGTPS 2 and DCRTP 1	0.07	0.07	0.22	-	(4.97)	0.08	0.06	(4.47)

17 True-up of interest on working capital

HPGCL has submitted that the Commission, in its Order dated 18.02.2021, regarding generation tariff for the FY 2021-22 had allowed interest on Working

Capital amounting to Rs. 92.51 Crore, considering average coal and oil prices, as proposed by it. However, there has been variation in prices of coal and oil during the FY 2021-22. Therefore, while computing the 'truing-up' of Working Capital for the FY 2021-22, actual rate of coal and oil prevailing in the FY 2021-22 has been considered.

Due to variation in Fuel prices, the interest on normative working capital requirement for FY 2021-22, as per the approved norms of the HERC, has increased to Rs 94.52 Cr against the approved interest on working capital of Rs 92.51 Cr. HERC has approved the Interest on Working Capital @ 8.25% (7%+1.25%). Thus, due to change in fuel cost and same rate of interest, the allowable IWC as per Regulation 22.2 of MYT 2019 has increased. However, HPGCL has not proposed any true-up, on account of non-availability of RGTPP2 & DCRTPP1.

The Commission has considered the above submissions and observes that the actual interest on working capital amounting to Rs. 98.59 Crore claimed by HPGCL, includes an amount of Rs. 54.51 Crore notional interest with corresponding credit to the "Provision for IWC and Additional Auxiliary Consumption" appearing under Note 27 of the audited financial statements.

In this regard, the Commission has observed that the issue has already been discussed and decided by this Commission in the previous ARR orders dated 18.02.2021 and 22.02.2022. The detailed discussion and view of the Commission recorded in the order dated 22.02.2022 is reproduced hereunder: -

"Further, HPGCL ought not to claim 'notional' interest on working capital without actually incurring the same. Accordingly, an amount of Rs. 80.43 Crore claimed by HPGCL as part of interest on working capital is disallowed."

In this regard, HPGCL should claim actual interest cost incurred and may not agitate the same issue by taking different grounds, repetitively, as the decisions of the Commission are considered decisions, unless the same is warranted by change in law or decision of higher judicial authorities of competent jurisdiction.

Further, HERC MYT Regulations (2nd amendment), 2019, provides as under: -

"22. Interest on Working Capital:

…….

Provided further that True up of the interest on working capital shall be limited to the actual interest on working capital."

In view of the above, the actual interest on working capital after reducing notional claims, is Rs. 44.08 Crore (Rs. 98.59 Crore minus Rs. 54.51 Crore), as against the approved amount of Rs. 92.51 Crore.

Thus, there is substantial difference between the interest on Working Capital allowed by the Commission and actual interest on working capital incurred by HPGCL. The Commission further observes that several generating units of HPGCL remained backed down/shut down for a considerable period of time, hence, HPGCL's revenue decreased from the normative level of Rs. 6670 Crore to Rs. 3970 Crore. Further, the actual generation was also lower in the FY 2021-22 at 8297 MU (i.e. 55% of the approved generation) as against the normative level of 14914 MU.

The Commission observes that substantial reduction in PLF of all the generating units which is primarily attributable to backing down by the Discoms, is the main reason of lower Working Capital requirement.

Accordingly, the Commission admits true-up of the interest on working capital to the actual level i.e. Rs. 44.08 Crore and allows the balance Rs. 44.43 Crore (Rs. 92.51 Crore – Rs. 44.08 Crore) to be passed on to the beneficiaries i.e. DISCOMs.

18 Cost of Oil (Secondary Fuel Oil)

HPGCL has submitted that in the FY 2021-22, it had incurred oil expenses amounting to Rs. 12.10 Crore. However, an amount of Rs. 14.18 Crore was recovered through ECR.

In view of the above submissions, HPGCL has prayed that true-up of (minus) Rs. 2.08 cr., on account of oil cost for FY 2021-22, as per regulation 29 of HERC MYT Regulations, 2019, may be considered.

In this regard, the Commission observes that regulation 29 of the HERC MYT Regulations, 2019, provides as under:-

"29. EXPENSES ON SECONDARY FUEL OIL FOR THERMAL POWER PROJECTS

(c) The secondary fuel oil expenses shall be subject to fuel price adjustment at the end of each year of tariff period as per following formula:"

Accordingly, Secondary Fuel Oil does not form part of true-up and HPGCL is directed to pass on the excess recovery of the same through 'fuel price adjustment', with detailed calculations.

19 True-up of Non-tariff Income

The Commission observes that HPGCL has reported other income (Non-operating Income) of Rs. 5 Crore in the FY 2021-22, as detailed below: -

Particulars	Amount (Rs. in crore)
Income from sale of scrap	3.75
50% of other income	1.25
Total	**5.00**

Details of other income, as per audited financial statements of HPGCL for the FY 2021-22, has been tabulated as under:-

Particulars	Amount (Rs. in crore)
Interest income including delayed payment charge	10.52
Income from sale of scrap	3.75
Other Income	2.50
Total	**16.77**

The Commission, in its earlier orders, has observed that generally, generating companies should not have any non-tariff income. The non-operating income of generating company can be on account of sale of scrap, ash etc. The same should be reduced from the coal cost/O&M expenses/reduced from true-up amount approved by the Commission.

Accordingly, other income amounting to Rs. 6.25 Crore (excluding interest income) has been reduced from the amount eligible for true up in the present Order.

In view of the above discussions, the Commission allows true-up expenses for the FY 2021-22 as under: -

(Rs. Crore)

	HPGCL (Proposed)	HERC (Allowed)
O&M Expenses	261.18	58.16
Depreciation cost	-1.78	-11.28
Interest Cost	26.37	-37.46
ROE	0	-4.47
Interest on working capital	0	-44.43
Oil Cost	-2.08	0
Non-Tariff Income	-5.00	-6.25
Total True-up	279.69	-45.73

	HPGCL (Proposed)	HERC (Allowed)
Add: Holding Cost @ 8.25% from 01.04.2022 to 31.03.2023 (12 months)		-3.77
Total True-up including holding cost		-49.50

Discoms i.e. UHBVNL and DHBVNL shall recover the aforesaid amount of Rs. 49.50 Crore from HPGCL. The same shall become immediately payable upon the submission of credit note. Late payment charges shall be applicable in accordance with Regulation Clause 43 of the MYT Regulations, 2019. The major difference between the true-up amount, as worked out by HPGCL, and that approved by the Commission is majorly on account of disallowance of O&M expenses, interest cost on term loan as well as working capital and Depreciation. Further, HPGCL had claimed true-up of the recovered expenses vis-à-vis actual expenses, whereas the true-up vis-à-vis approved expenses has been undertaken in the present Order in line with the Regulations in vogue.

20 Capital Investment Plan (CIP)

The Commission in its tariff order dated 22.02.2022, in the Case no. HERC/PRO-44 of 2021 had approved Rs. 26.16 Cr for FY 2021-22, Rs. 77.19 Cr for FY 2022-23, Rs. 11.54 Cr for FY 2023-24 and Rs. 11.87 Cr for FY 2024-25. The Commission observes that out of the approved CAPEX for FY 2021-22 Capital Expenditure works to the tune of Rs. 7.2888 Cr only has been completed and Capital Expenditure works amounting to Rs. 3.92 Cr has been dropped due to non-requirement.

In the revised CIP, most of CAPEX approved vide order dated 18.02.2021 have been deferred by one or two years without citing any reasons. Further, HPGCL has proposed an additional CAPEX of Rs. 5.65 Cr for CCTV network Camera system at the periphery of Panipat Thermal Plant for safety point of view and Rs. 1.91 Cr for replacement of fire tenders at DCRTPP. In revised CAPEX, HPGCL has also sought in principle approval for installing EV charging station at HPGCL Plants and at head quarter (06 No.) indicating approximate expenditure of Rs. 3.2 Cr with the request that the actual expenditure may be allowed after completion of scheme.

The petitioner i.e. HPGCL shall expedite the lingering progress in executing the capital works and hence the Commission considered and approves the

revised capital expenditure as submitted HPGCL for the FY 2022-23 to FY 2024-25. HPGCL is directed to submit the details of the scheme, bidding process followed, EOI, request for proposal, negotiation if any with the bidder & purchase order to the Commission for considering the same for true up of FY 2022-23 and ARR for FY 2023-24.

21 Operating Parameters:

Annual Generation and PLF): -

The table below shows the unit wise annual generation trend in MU and PLF (%): -

Annual Generation Trend (MU)

Unit	2019-20	2020-21	2021-22	2022-23 (up to Sept)	Avg. Of Last 3 FY
PTPS-6	0	51.93	194.79	679.51	82.24
PTPS 7	884.46	619.48	1384.46	996.11	962.80
PTPS-8	1088.33	547.08	1175.7	984.89	937.04
DCRTPP-1	1574.14	1316.67	1013.09	1143.57	1301.30
DCRTPP-2	1166.89	1294.75	1597.06	1149.69	1352.90
RGTPP-1	768.95	1230.98	2674.31	2086.7	1558.08
RGTPP-2	1547.17	405.92	0	1188.18	651.03
HPGCL Thermal	7029.94	5466.81	8039.4	8228.66	6845.38
Hydel	300.03	242.91	257.4	133.54	266.78

The unit wise plant load factor of the HPGCL is as under:

Unit wise PLF Trend (%)

Unit	2019-20	2020-21	2021-22	2022-23 (up to Sept)	Avg. Of Last 3 FY
PTPS-6	0	2.82	10.59	73.67	4.47
PTPS 7	40.28	28.29	63.22	90.72	43.93
PTPS-8	49.56	24.98	53.68	89.70	42.74
DCRTPP-1	59.74	50.10	38.55	86.79	49.46
DCRTPP-2	44.28	49.27	60.77	87.26	51.44
RGTPP-1	14.59	23.42	50.88	79.19	29.63
RGTPP-2	29.36	7.72	0	45.09	12.36
HPGCL Thermal	29.42	24.86	36.56	74.64	30.28
Hydel	54.74	44.44	47.09	48.73	48.76

HPGCL has submitted as under: -

i) That HPGCL generating plants have faced excessive backing down in the past and is showing continuous rising trend, touching an alarming level in FY 2021-22.

ii) That due to failure of some IPPs to perform their contractual obligations, HPGCL in present year is facing minimum back down and expected to remains on bar as apprised by the beneficiary vide letter dated 25.08.2022. However, the Hon'ble Commission is requested to take note of the directives imparted by Hon'ble Commission for capacity addition in the past, to have fair utilization of HPGCL Units, as being carried in present financial year.

iii) That such significant backing down has adversely affected HPGCL's operations/ performance in the following ways:

a) While HPGCL generating units are placed under Reserve Shut Down (RSD) by DISCOMs, certain essential auxiliaries need to remain on bar for keeping Units available which require continuous drawl of electricity from the grid in absence of its own generation i.e. Additional Auxiliary Consumption. This leads to increase in O&M charges and in case the same exceeds the normative charges, same needs to be compensated accordingly.

b) SHR degradation has also been observed on account of running of Units at low loading on account of less demand which needs to be compensated as per MYT Regulation 2019.

c) The condition of minimum off take of Coal under FSAs leads to coal stock pile up and its handling issues on account of low scheduling is a major challenge. Any loss on account of the same is beyond the control of HPGCL and needs to be pass through.

d) Frequent backing down/ Start & Stop operations affects the operational life cycle of plants resulting in higher Repair & Maintenance expenses due to metallurgical degradation/ frequent failures. The same needs to be considered as pass through beyond the permissible limits, if required.

iv) That the reference is invited to HERC order dated 30.03.2021in HERC/PRO - 77 of 2020 & HERC/PRO - 78 of 2020, wherein at page 142, it was directed as under:

".....Additionally, while resorting to bidding or calling for expression of interest for power procurement the Discoms must ensure that the power under PPAs already approved by the Commission materialises and also the intra-State generator i.e., HPGCL's power plants are scheduled at least up to the critical minimum threshold before considering backing down."

v) That the above directive of the Hon'ble Commission needs to be adhered by the DISCOMs in true spirit, so that optimum utilisation of HPGCL units is there in interest of the Consumers. Therefore, the Commission is once again requested to consider the same and any new power added in the kitty of DISCOMs only be scheduled after HPGCL, as the same may be costly on landed cost basis.

In this regard, the commission observes that the average PLF in the last 3 years i.e. FY 2019-20, FY2020-21 & FY 2021-22 of PTPS 6, PTPS 7, PTPS 8 is 4.47%, 43.93% and 42.74% approximately and in the first half of FY 2022-23, PLF has been 73.67%, 90.72% and 89.70% respectively. PLF / CUF of WYC Hydel is 47.09% in FY 2021-22 and 48.73% in first half of FY 2022-23. Further, as per proviso of Regulation 5.5 of the HERC MYT Regulations, 2019, the Commission may determine the tariff for hydro power projects up to 25 MW separately as per norms specified in the HERC RE Tariff Regulations in vogue, wherein CUF for small hydro projects shall be 56%. **HPGCL units were not being scheduled earlier due to higher variable cost as compared to the costs at which power was available in power exchange and were not falling in MoD. The Commission observes that PLF of PTPS Unit 6 remained at 0%, 2.82% and 10.59% in the FY 2019-20, 2020-21 and 2021-22, due to its higher energy charges as compared to the other competitive sources of power available to the DISCOMs. It was only in the first half of FY 2022-23 that HPGCL units including PTPS Unit no. 6 are being scheduled at normative level due to the extra-ordinary power scenario created on account of failure in contractual obligation of various IPPs, shortage of domestic coal, increase in the rates of imported coal and tremendous spike in the rates in power exchange compared to previous years. Submissions of HPGCL at Sr. No. 3 from i) to iii) are not relevant in the changed circumstances because of all its power stations, due to non-availability of a few power plants as mentioned earlier in this order, as well as, the quantum jump in power demand, higher cost of power in the power exchange (s) and supply constraints at the national level, are being regularly scheduled. Due to these reasons, HPGCL units are likely to be scheduled as per MoD.**

Further, the Commission has considered the prayer of the petitioner to consider procurement of power from new sources on 'landed cost' basis and

directs the Discoms/HPPC that while evaluating any new proposal for purchase of power in future, it shall give due weightage to the landed cost of power at its interface with the STU and MD/HPGCL being member of Steering Committee for Power Purchase (SCPP) shall ensure compliance. However, for scheduling of power from already concluded PPAs, merit order, based on variable costs, including losses, as being followed across India will continue to be followed by Haryana Disoms as well.

In view of foregoing discussions, the Commission approves PLF / NAPAF for the FY 2023-24, for all units as proposed by HPGCL in line with the HERC MYT Regulations, 2019 i.e.:-

S.N	Unit #	Proposed	Approved (MYT Regulations)
		FY 23-24	FY 23-24
1	PTPS 6	85.00%	85.00%
2	PTPS 7	85.00%	85.00%
3	PTPS 8	85.00%	85.00%
4	DCRTPS 1	85.00%	85.00%
5	DCRTPS 2	85.00%	85.00%
6	RGTPS 1	85.00%	85.00%
7	RGTPS 2	85.00%	85.00%
8	WYC Hydro	43.00%	43.00%

Secondary Fuel Consumption (SFC)

The table below presents the trend in specific oil consumption (in ml/kwh) as filed by the petitioner: -

Historical Unit wise Specific Oil Consumption (in ml/kwh)

Unit	2019-20	2020-21	2021-22	2022-23 (up to Sept)	Avg. Of Last 3 FY
PTPS-6	-	5.17	2.42	1.31	3.80
PTPS 7	0.6	0.96	0.37	0.31	0.64
PTPS-8	0.43	0.92	0.39	0.27	0.58
DCRTPP-1	0.26	0.28	0.24	0.05	0.26
DCRTPP-2	0.55	0.37	0.2	0.11	0.37
RGTPP-1	1.22	0.65	0.32	0.24	0.73
RGTPP-2	0.84	1.7	0	1	0.85

HPGCL has proposed the SFC for the FY 2023-24 as per HERC MYT Regulations, 2019 which is tabulated below: -

S.N	Unit	Proposed	Approved (MYT Regulations)
		FY 23-24	FY 23-24
1	PTPS 6	1.00	1.00
2	PTPS 7	0.50	0.50
3	PTPS 8	0.50	0.50

4	DCRTPS 1	0.50	0.50
5	DCRTPS 2	0.50	0.50
6	RGTPS 1	0.50	0.50
7	RGTPS 2	0.50	0.50

HPGCL has submitted that as the per MYT regulation 2019, oil cost is part of Energy Charge Rate (ECR) and the same has been calculated on normative basis. However, on account of low loading/scheduling of the HPGCL units and frequent start and stop operations, the norms provided as per regulation for specific oil consumption is on lower side at current PLF/ loading of Units. HPGCL reserve its right to claim the deficit in respect of the Oil consumption at the time of true-up of FY 2022-23 as per Regulation 29 of MYT Regulation,2019.

The Commission observes that the submission of HPGCL of higher specific oil consumption on account of low scheduling has no relevance in the present circumstances. During the FY 2022-23 till Sept. 2022, the SFC in PTPS-6 and RGTP-2, has been 1.31% and 1.00% which is on the higher side.

HPGCL has proposed the SFC for its power plants as per the provisions of MYT Regulations 2019, and hence the Commission approves the same.

Auxiliary Energy Consumption

The table below shows the historical unit wise Auxiliary Energy Consumption:

Historical Unit wise Auxiliary Consumption

Unit	2019-20	2020-21	2021-22	2022-23 (up to Sept)
PTPS-6	-	9.69	9.33	9.27
PTPS 7	8.49	8.72	8.95	9.14
PTPS-8	8.41	8.54	8.81	9.16
DCRTPP-1	8.10	7.85	8.35	8.45
DCRTPP-2	8.30	8.08	8.52	8.48
RGTPP-1	6.49	5.48	5.40	5.62
RGTPP-2	5.48	5.64	-	5.56

It is observed that HPGCL has proposed Auxiliary consumption for FY 2023-24 as per MYT Regulations, 2019, as tabulated below:

S. No.	Unit #	Approved	Proposed	
		FY 22-23	FY22-23	FY 23-24
1	PTPS 6	9.00%	9.00%	9.00%
2	PTPS 7	8.50%	8.50%	8.50%
3	PTPS 8	8.50%	8.50%	8.50%
4	DCRTPP 1	8.50%	8.50%	8.50%
5	DCRTPP 2	8.50%	8.50%	8.50%
6	RGTPP 1	6.00%	6.00%	6.00%
7	RGTPP 2	6.00%	6.00%	6.00%

S. No.	Unit #	Approved	Proposed	
		FY 22-23	FY22-23	FY 23-24
8	WYC Hydel	1.00%	1.00%	1.00%

The Commission observes that HPGCL has proposed Auxiliary Consumption as per norms specified in the MYT Regulations, 2019 and approves the same.

Station Heat Rate (SHR)

HPGCL has provided the unit- wise trend in Station Heat Rate (SHR) as under: -

Historical Unit wise Station Heat Rate (in Kcal/kwh)

Unit	2019-20	2020-21	2021-22	2022-23 (up to Sept)
PTPS-6	-	2537	2541	2546
PTPS 7	2476	2476	2474	2487
PTPS-8	2471	2480	2482	2487
DCRTPP-1	2328	2341	2326	2330
DCRTPP-2	2333	2342	2332	2333
RGTPP-1	2476	2431	2398	2389
RGTPP-2	2442	2461	**	2388

* *RGTPP Unit2 not available due to rotor issue

The Station Heat Rate for FY 2023-24 has been proposed as per norms specified in HERC MYT Regulations, 2019 is as under:

SHR (kCal/kWh) FY 2022-23 and FY 2023-24

S. No	SHR (kcal/kWh)	Approved	Proposed	
		FY 2022-23	FY 2022-23	FY 2023-24
1	PTPS 6	2550	2550	2550
2	PTPS 7	2500	2500	2500
3	PTPS 8	2500	2500	2500
4	DCRTPS 1	2344	2344	2344
5	DCRTPS 2	2344	2344	2344
6	RGTPS 1	2387	2387	2387
7	RGTPS 2	2387	2387	2387

The Commission observes that HPGCL has been able to maintain SHR for the FY 2021-22 as per norms except for RGTPS units 1 wherein the SHR is slightly on the higher side. The Commission further observes that HPGCL has proposed SHR for its units at PTPS, DCRTPS and RGTPS as provided in the MYT Regulations 2019. The same is approved.

Gross Calorific Value (GCV) and Fuel (Coal & Oil)

The GCV and cost of coal and secondary fuel (oil) has been proposed for the FY 2023-24 as per the actual weighted average calorific value of coal for PTPS, DCRTPS and RGTPS during April to Sept. of FY 2022-23 as under: -

Proposed Gross Calorific Value and landed Coal Cost

Particulars	PTPS 6	PTPS 7 & 8	DCRTPS	RGTPS
Gross Calorific Value of Coal (kcal/Kg)	3751	3660	3448	3348
Average landed cost of Coal (Rs/MT)	5840.84	5884.96	5908.26	5964.42

Proposed Gross Calorific Value & cost of Oil

Particulars	PTPS	DCRTPP	RGTPP
Gross Calorific Value of oil (kcal/KL)	10552	10507	0672
Average landed cost of oil (Rs/kL)	84595.73	64273.29	86767.692

Gross Calorific Value & cost of domestic coal & imported coal for FY 2023-24

Particulars	PTPS 6	PTPS 7 & 8	DCRTPS	RGTPS
Gross Calorific Value of Domestic Coal (kcal/Kg)	3675	3585	3348	3214
Average landed cost of Domestic Coal (Rs/MT)	5039	5146	5036	4984
Gross Calorific Value of Imported Coal (kcal/Kg)	4957	4957	4991	5097
Average landed cost of Imported Coal (Rs/MT)	18727	18803	19340	18855

The Commission in its order dated 14.11.2022 (Petition No. 57 of 2022), had granted ex-post facto approval to blend the already procured imported coal against the contracted quantity of 9.04 lacs MT. HPGCL was further directed to explore the possibility of cancelling the balance quantity of purchase order and instead explore the possibility of procuring domestic coal on "as is where is basis"/"Rail cum Road (RCR) basis" along with stringent ministerial level follow up with the Ministry of coal for procuring domestic coal to build 30 days coal stock.

The Commission had observed that claiming the cost of imported coal as Fuel Price Adjustment (FPA) and not as Energy Charge Rate (ECR), as being done by other similarly placed generators, distorts the monthly Merit Order Dispatch (MOD) being prepared and followed by HPPC on behalf of the Discoms.

The Commission notes, as reported by the MD/HPGCL in the public hearing, that HPGCL, as directed by this Commission has taken the following measures to maintain coal stock at its Thermal Power Stations: -

a) **Officers are being deputed at loading ends to maximize the dispatch of rakes through Rail mode as per Monthly Contracted Quantity.**
b) **Lifting of coal through RCR mode has been started and all efforts will be made to maximize coal dispatch through RCR mode.**
c) **HPGCL's concern of coal stock is being regularly raised in the weekly meeting of Sub- Group (MoC, constituted by Infrastructure constraints review committee) & Secretary level Inter Ministerial Committee, etc and through mails & letters.**

In line with the above discussions, the summary of the norms approved by the Commission, for determination of HPGCL's Generation Tariff for the FY 2023-24, for blending of already procured imported coal against the contracted quantity of 9.04 lacs MT and for determination of HPGCL's Generation Tariff for the FY 2023-24 on the basis of domestic coal, is as under:-

For already procured imported coal against the contracted quantity of 9.04 lacs MT

Units	**PLF (%)**	**SHR (Kcal/kWh)**	**Aux. C (%)**	**SFC (ML/kWh)**	**Coal Cost (Rs/MT) & GCV (Kcal/kg)**	**Oil Cost (Rs / KL) & GCV (Kcal /Litre)**
PTPS – 6	85.0%	2550	9.0	1.00	5840/3751	84595/10552
PTPS - 7	85.0%	2500	8.5	0.5	5885/3660	84595/10552
PTPS - 8	85.0%	2500	8.5	0.5	5885/3660	84595/10552
DCRTPS - 1	85.0%	2344	8.5	0.5	5908/3448	64273/10507
DCRTPS - 2	85.0%	2344	8.5	0.5	5908/3448	64273/10507
RGTPS - 1	85.0%	2387	6	0.5	5964/3348	86767/10672
RGTPS - 2	85.0%	2387	6	0.5	5964/3348	86767/10672
WYC HEP	43.00%	-	1	-	-	-

For domestic coal

Units	**PLF (%)**	**SHR (Kcal/kWh)**	**Aux. C (%)**	**SFC (ML/kWh)**	**Coal Cost (Rs/MT) & GCV (Kcal/kg)**	**Oil Cost (Rs / KL) & GCV (Kcal /Litre)**
PTPS – 6	85.0%	2550	9.0	1.00	5039/3675	84595/10552
PTPS - 7	85.0%	2500	8.5	0.5	5146/3585	84595/10552
PTPS - 8	85.0%	2500	8.5	0.5	5146/3585	84595/10552
DCRTPS - 1	85.0%	2344	8.5	0.5	5036/3348	64273/10507
DCRTPS - 2	85.0%	2344	8.5	0.5	5036/3348	64273/10507
RGTPS - 1	85.0%	2387	6	0.5	4984/3214	86767/10672
RGTPS - 2	85.0%	2387	6	0.5	4984/3214	86767/10672
WYC HEP	43.00%	-	1	-	-	-

Resultantly, the Energy Charges / Variable Charges for the FY 2023-24, calculated on the basis of the approved parameters / cost (Unit Wise), is presented in the table that follows: -

Approved Energy Charges / Variable Charges for the FY 2023-24
(For already procured imported coal against the contracted quantity of 9.04 lacs MT)

Parameters	Unit	Derivation		PTPS		RG TPS		DCR TPS	
			Unit 6	Unit 7	Unit 8	Unit 1	Unit 2	Unit 1	Unit 2
Installed Capacity (MW)			210	250	250	600	600	300	300
Gross Generation	MU	A	1,567.94	1,866.60	1,866.60	4,479.84	4,479.84	2,239.92	2,239.92
PLF (%)			85.00	85.00	85.00	85.00	85.00	85.00	85.00
Auxiliary Energy Consumption	%		9.00%	8.50%	8.50%	6.00%	6.00%	8.50%	8.50%
Generation (Ex-bus)	MU	A1	1426.83	1707.94	1707.94	4211.05	4211.05	2049.53	2049.53
Station Heat Rate (SHR)	Kcal/kwh	B	2550	2500	2500	2387	2387	2344	2344
Specific Oil Consumption	ml/kwh	C	1	0.5	0.5	0.5	0.5	0.5	0.5
Gross Calorific Value of Oil	Kcal/litre	D	10552	10552	10552	10672	10672	10507	10507
Gross Calorific Value of Coal	K.cal/Kg	E	3751	3660	3660	3348	3348	3448	3448
Overall Heat	G.cal	F=(A*B)	3998257	4666500	4666500	10693378	10693378	5250372	5250372
Heat from Oil	G.cal	G=(A*C*D)/1000	16545	9848	9848	23904	23904	11767	11767
Heat from Coal	G.cal	H= (F-G)	3981712	4656652	4656652	10669474	10669474	5238605	5238605
Oil Consumption	KL	I=G*1000/D=A*C	1568	933	933	2240	2240	1120	1120
Coal Consumption	MT	J=(H*1000/E)	1061507	1272309	1272309	3186820	3186820	1519317	1519317
Cost of Oil per KL	Rs/KL	K	84595	84595	84595	86767	86767	64273	64273
Cost of Coal	Rs/MT	L	5840	5885	5885	5964	5964	5908	5908
Total Cost of Oil	Rs .Mln	M=(K*I)/10^6	132.64	78.95	78.95	194.35	194.35	71.98	71.98
Total Cost of Coal	Rs.Mln	N=(J*L)/10^6	6199.20	7487.54	7487.54	19006.20	19006.20	8976.12	8976.12
Total Fuel Cost	Rs.Mln	O=M+N	6331.84	7566.49	7566.49	19200.55	19200.55	9048.11	9048.11
Fuel Cost/Kwh	Rs.	P=O/A1	4.44	4.43	4.43	4.56	4.56	4.41	4.41

Approved Energy Charges / Variable Charges for the FY 2023-24
(For domestic coal)

Parameters	Unit	Derivation		PTPS		RG TPS		DCR TPS	
			Unit 6	Unit 7	Unit 8	Unit 1	Unit 2	Unit 1	Unit 2
Installed Capacity (MW)			210	250	250	600	600	300	300
Gross Generation	MU	A	1,567.94	1,866.60	1,866.60	4,479.84	4,479.84	2,239.92	2,239.92
PLF (%)			85.00	85.00	85.00	85.00	85.00	0.00	0.00
Auxiliary Energy Consumption	%		9.00%	8.50%	8.50%	6.00%	6.00%	8.50%	8.50%
Generation (Ex-bus)	MU	A1	1426.83	1707.94	1707.94	4211.05	4211.05	2049.53	2049.53
Station Heat Rate (SHR)	Kcal/kwh	B	2550	2500	2500	2387	2387	2344	2344
Specific Oil Consumption	ml/kwh	C	1	0.5	0.5	0.5	0.5	0.5	0.5
Gross Calorific Value of Oil	Kcal/litre	D	10552	10552	10552	10672	10672	10507	10507
Gross Calorific Value of Coal	K.cal/Kg	E	3675	3585	3585	3214	3214	3348	3348
Overall Heat	G.cal	F=(A*B)	3998257	4666500	4666500	10693378	10693378	5250372	5250372
Heat from Oil	G.cal	G=(A*C*D)/1000	16545	9848	9848	23904	23904	11767	11767
Heat from Coal	G.cal	H= (F-G)	3981712	4656652	4656652	10669474	10669474	5238605	5238605
Oil Consumption	KL	I=G*1000/D=A*C	1568	933	933	2240	2240	1120	1120
Coal Consumption	MT	J=(H*1000/E)	1083459	1298927	1298927	3319687	3319687	1564697	1564697

Parameters	Unit	Derivation		PTPS		RG TPS		DCR TPS	
Cost of Oil per KL	Rs/KL	K	84595	84595	84595	86767	86767	64273	64273
Cost of Coal	Rs/MT	L	5039	5146	5146	4984	4984	5036	5036
Total Cost of Oil	Rs .Mln	M=(K*I)/10^6	132.64	78.95	78.95	194.35	194.35	71.98	71.98
Total Cost of Coal	Rs.Mln	N=(J*L)/10^6	5459.55	6684.28	6684.28	16545.32	16545.32	7879.81	7879.81
Total Fuel Cost	Rs.Mln	O=M+N	5592.19	6763.23	6763.23	16739.67	16739.67	7951.80	7951.80
Fuel Cost/Kwh	Rs.	P=O/A1	3.92	3.96	3.96	3.98	3.98	3.88	3.88

Approved Fixed Cost Computation FY 2023-24 (Rs. Million)

EXPENSES	PTPS -6	PTPS -7	PTPS - 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Operation & Maintenance (O&M)									
a) R&M Expenses	187.52	287.79	287.79	272.80	272.80	330.18	330.18	32.35	2001.41
b) A&G Expenses	34.33	44.12	44.12	47.47	47.47	31.48	31.48	6.44	286.92
c) Employees Cost	846.35	775.61	775.61	1111.31	1111.31	820.33	820.33	252.93	6513.78
Total O&M (a+b+c):	**1068.20**	**1107.53**	**1107.53**	**1431.57**	**1431.57**	**1182.00**	**1182.00**	**291.72**	**8802.12**
Depreciation	20.20	301.00	276.50	465.50	492.60	280.80	283.90	58.10	2178.60
Interest & Finance	3.80	8.20	8.80	198.20	198.20	33.90	33.90	5.20	490.20
W/C Interest	134.13	158.44	158.24	364.26	364.26	185.17	185.17	9.85	1559.51
ROE @ 11.67%/12.67%	183.64	255.58	255.74	580.60	578.61	294.17	294.11	24.14	2466.59
Fixed Cost	**1409.97**	**1830.74**	**1806.81**	**3040.14**	**3065.24**	**1976.03**	**1979.08**	**389.01**	**15497.02**
Generation (ex-bus) MU	1426.83	1707.94	1707.94	4211.05	4211.05	2049.53	2049.53	233.34	17597.20
Fixed Cost (Rs/kWh)	0.99	1.07	1.06	0.72	0.73	0.96	0.97	1.67	**0.88**
1 Mts FC	117.50	152.56	150.57	253.34	255.44	164.67	164.92	32.42	1291.42

Notes:

1. The fixed cost including O&M expenses for the PTPS Units 6, 7 & 8 has been allowed, as per norms specified in the HERC (MYT) Regulations, 2019, (2nd Amendment), 2022.
2. RoE has been pegged at 11.67% and 12.67% for thermal and hydro units, respectively, as per the provisions of HERC (MYT) Regulations, 2019, (2nd Amendment), 2022, by adding a margin on 5.5%/6.5% on the last 2 years average rate (as on 1st April of the relevant financial year) of 10 years Government of India bond.
3. The additional expenses sought by HPGCL, over and above the norms specified in the MYT Regulations, 2019 (2nd Amendment) Regulations, 2022, on account of coal handling expenses has not been allowed on account of discussions in the earlier paras in this order. Further, impact of additional water charges on account of HWRA notification shall be considered by the Commission, during true-up of the FY 2023-24.
4. O&M has been escalated in @ 2.93% in line with the Regulations in vogue.
5. GCV of coal has been considered on (as received) basis.

The Working Capital and interest thereto, have been computed as per the provisions of the MYT Regulations, 2019. The rate of interest on the working capital requirement, as computed in the table above, has been considered @ of MCLR as on 15.12.2022 (8.30%) and a margin of 150 basis point. Resultantly, the allowed rate of interest for the purpose of working out interest amount has been considered @ 9.80%. It is reiterated that the interest on working capital approved in the order for the FY 2023-24, is the ceiling limit, which shall be subject to true-up to the extent of actual interest incurred by the petitioner.

HERC COMPUTATION OF WORKING CAPITAL AND INTEREST								
	RS. MILLION FY 2023-24							
ITEMS	DERIVATION	PTPS	PTPS		RGTPS	DCR TPS		
		Unit 6	Unit 7	Unit 8	Unit 1 & 2	(Unit 1 & 2)	WYC	TOTAL
Coal Stock	1 months	516.60	623.96	623.96	3167.70	1496.02	0	6428.24
Oil Stock	1 months	11.05	6.58	6.58	32.392	12.00	0	68.60
O&M Expenses	1 months	89.017	92.29	92.29	238.60	197.00	24.31	733.51
Maint. Spares	10%/15% of O&M	106.82	110.75	110.75	286.31	236.40	43.76	894.80
Receivables	1 month	645.15	783.10	781.11	3708.87	1837.61	32.42	7788.26
W/C Requirement		1368.64	1616.69	1614.70	7433.87	3779.03	100.49	15913.41
Int (@ 9.80% (8.3+1.5)%		134.13	158.44	158.24	728.52	370.34	9.85	1559.51
(Rs. Million)		PTPS 6	PTPS 7	PTPS 8	RGTPS 1&	DCR TPS	WYC	Total
Total Coal Cost		6199	7488	7488	38012	17952	0	77139
1 months Coal		517	624	624	3168	1496	0	6428
Total Oil Cost		133	79	79	389	144	0	823
1 months Oil		11	7	7	32	12	0	69
O&M Expenses		1068	1108	1108	2863	2364	292	8802
1 mts O&M Expenses		89	92	92	238.60	197	24	734
Maint. Spares (%age)		0.10	0.10	0.10	0.10	0.10	0.15	
Maint. Spares		107	111	111	286.31	236.40	44	895
Rec Tot VC		6332	7566	7566	38401	18096	0	77962
1 mts VC		528	631	631	3200	1508	0	6497
1 mts FC		117	153	151	509	330	32	1291
Rec 1mt Fc+1 Vc		**645**	**783**	**781**	**3709**	**1838**	**32**	**7788**

The ECR and FC approved by the Commission is summarized in the table below:

ECR and FC for imported coal already procured against the contracted quantity of 9.04 lacs MT)

TARIFF	PTPS-6	PTPS - 7	PTPS - 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Fuel Cost Rs/kWh	4.44	4.43	4.43	4.56	4.56	4.41	4.41	-	4.43
Fixed Cost (Rs. Million)	1409.97	1830.74	1806.81	3040.14	3065.24	1976.03	1979.08	389.01	15497.02

ECR for Domestic Coal (FC as per table above)

TARIFF	PTPS-6	PTPS - 7	PTPS - 8	RGTPS 1	RGTPS 2	DCR TPS 1	DCR TPS 2	WYC	TOTAL
Fuel Cost Rs/kWh	3.92	3.96	3.96	3.98	3.98	3.88	3.88	-	3.89

The recovery of fixed charges to the extent determined above, by the Commission, for the FY 2023-24 shall be as per the provisions of the MYT Regulations, 2019. HPGCL shall recover full capacity charge at the Unit Wise normative annual plant availability factor specified by the Commission in the said regulations and the recovery of capacity charge below the level of target availability i.e. normative PLF shall be on pro-rata basis and further that no capacity charge shall be payable at zero availability.

Accordingly, HPGCL shall ensure that fixed charges recovered for any of its power plants for which fixed charges have been determined by the Commission in its present Order, during the year, do not exceed the fixed charges as determined herein.

Further, in case of annual PLF of any unit, including deemed generation, is lower than the normative PLF approved in the order, the recoverable annual fixed charges shall get reduced on pro-rata basis. In view of above, it is ordered that HPGCL shall recover monthly fixed charges in line with the provision of MYT Regulations, 2019, subject to the condition that total recovered fixed charges for a Unit up to the end of a month shall not be more than the admissible approved fixed charges for that Unit as worked out corresponding to the cumulative PLF (after including deemed generation) up to the end of that month. For example, at the end of 3rd month, if the deemed PLF is 80% and the normative PLF is 85%, the admissible approved fixed charges would be AFC/4 (0.80/ 0.85) where AFC are the approved annual fixed charges. In case cumulative PLF at the end of 3rd month is more than the normative PLF, the admissible approved fixed charges will be AFC/4.

Technical Minimum schedule for HPGCL's Power Plants other than PTPS shall be implemented in line with Central Generating Stations (CGS) for larger integration of renewable energy.

All other terms and conditions, not explicitly dealt with in this order, shall be as per the relevant provisions of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for

Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019.

The Generation Tariff approved for the FY 2023-24 shall be implemented w.e.f. 01.04.2023.

The present petition is accordingly disposed of. The petitioner is directed to take necessary actions for implementing the instant order.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 25.01.2023.

Date: 25.01.2023	(Naresh Sardana)	(R.K. Pachnanda)
Place: Panchkula	Member	Chairman